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Docket #(s): T-20842A-12-0116

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Exhibit #: SL A1 & A2

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Arizona Corporation Commission

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ORIGINAL

MEMORANDUM

TO: Docket Control

FROM: Steven M. Olea  
Director  
Utilities Division

DATE: September 18, 2012

RE: IN THE MATTER OF THE APPLICATION OF ONVOY, INC. FOR APPROVAL OF A CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD LOCAL EXCHANGE, RESOLD LONG DISTANCE, FACILITIES-BASED LOCAL EXCHANGE AND LONG DISTANCE TELECOMMUNICATIONS SERVICES. (DOCKET NO. T-20842A-12-0116)

Attached is the Staff Report for the above referenced application. The Applicant is applying for approval to provide the following services:

- Resold and Facilities-Based Local Exchange Services
- Resold and Facilities-Based IntraLATA and InterLATA Private Line Services
- Switched Access Service

Staff is recommending approval of the application, as amended, with conditions.

SMO:LLM:kdh

Originator: Lori Morrison

Attachment: Original and Thirteen Copies

Arizona Corporation Commission

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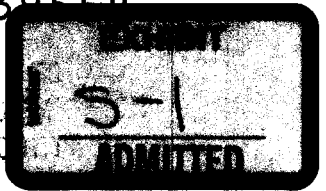
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SERVICE LIST FOR: ONVOY, INC.  
DOCKET NO.: T-20842A-12-0116

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**STAFF REPORT**  
**UTILITIES DIVISION**  
**ARIZONA CORPORATION COMMISSION**

**ONVOY, INC.**  
**DOCKET NO. T-20842A-12-0116**

**IN THE MATTER OF THE APPLICATION OF ONVOY, INC. FOR APPROVAL OF A  
CERTIFICATE OF CONVENIENCE AND NECESSITY TO PROVIDE RESOLD  
LOCAL EXCHANGE, RESOLD LONG DISTANCE, FACILITIES-BASED LOCAL  
EXCHANGE AND LONG DISTANCE TELECOMMUNICATIONS SERVICES.**

**SEPTEMBER 18, 2012**



### STAFF ACKNOWLEDGMENT

The Staff Report for Onvoy, Inc., Docket No. T-20842A-12-0116, was the responsibility of the Staff member listed below. Lori Morrison was responsible for the review and analysis of the application for a Certificate of Convenience and Necessity to provide resold and facilities-based local exchange services, resold and facilities-based IntraLATA and InterLATA private line services and switched access services and petition for a determination that its proposed services should be classified as competitive.

A handwritten signature in black ink, appearing to read "Lori Morrison", is written over a horizontal line.

Lori Morrison  
Utilities Consultant

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## **1. INTRODUCTION**

On March 28, 2012, Onvoy, Inc. ("Onvoy" or "Applicant") filed an application for a Certificate of Convenience and Necessity ("CC&N") to provide resold and facilities-based long distance services, resold and facilities-based local exchange services and resold and facilities-based intraLATA and interLATA private line services and switched access services on a statewide basis in the State of Arizona. The Applicant petitioned the Arizona Corporation Commission ("ACC" or "Commission") for a determination that its proposed services should be classified as competitive.

On July 9, 2012, Applicant filed an amended response for Section A-12 of the Application.

On August 14, 2012, Applicant filed an amended application removing the resold and facilities-based long distance services from the original application.

Staff's review of this application addresses the overall fitness of the Applicant to receive a CC&N. Staff's analysis also considers whether the Applicant's services should be classified as competitive, if the Applicant's initial rates are just and reasonable and if the Applicant's CC&N should be approved with conditions.

## **2. REQUESTED SERVICES**

Onvoy's CC&N application requests statewide authority to provide resold and facilities-based local exchange services and resold and facilities-based intraLATA and interLATA private line services to large enterprise (business) customers and switched access services to other carriers such as Incumbent and Competitive Local Exchange Carriers, Interexchange Carriers and Wireless Carriers<sup>1</sup>. Onvoy states in its application that services will not be provided to residential customers.<sup>2</sup>

## **3. BACKGROUND AND TECHNICAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES**

Onvoy, Inc., formerly known as Minnesota Equal Access Network Services, Inc. ("MEANS"), was founded in 1988 and based out of St. Louis Park, Minnesota. In 1998, MEANS changed its name to Onvoy, Inc. Onvoy, Inc. became a direct subsidiary of Zayo Group Holdings, Inc. ("Holdings"), a Delaware corporation, in November 2007. Communications Infrastructure Investments, LLC is the ultimate parent of Holdings. In Arizona, Onvoy has several affiliates authorized to do all or some of the same services Onvoy is proposing to provide. Zayo Group, Inc. provides facilities-based local exchange and resold and facilities-based intraLATA and interLATA private line services pursuant to authority granted by Decision No. 72561 issued in Docket No. T-20783A-11-0024 on August 24, 2011. American

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<sup>1</sup> Response to Staff Data Request STF 1.1(a).

<sup>2</sup> Sections (A-14) and (A-15) of the Application.

Fiber Systems, Inc. ("AFS") is authorized to provide facilities-based and resold local exchange, exchange access and interexchange telecommunications services pursuant to authority granted by the Commission in Decision No. 63936, dated August 6, 2001. 360networks (USA), inc. is authorized to provide facilities-based interexchange services and facilities-based local exchange services pursuant to authority granted by the Commission in Decision No. 62710, dated June 30, 2000 and Decision No. 69240, dated January 19, 2007, respectively. AboveNet, Inc. is authorized to provide resold and facilities-based non-switched dedicated and private line high capacity fiber optic telecommunications services pursuant to authority granted by the Commission in Decision No. 62628, dated June 9, 2000.

Onvoy states it is currently authorized to provide local and/or interexchange telecommunications service in California, Colorado, Indiana, Iowa (interexchange only), Michigan, Minnesota, Montana, Nebraska (interexchange only), Nevada, North Dakota, Ohio, Oregon, South Dakota (interexchange only), Texas (interexchange only), Utah, Washington and Wisconsin. Onvoy currently has an application pending in New York. In addition, Onvoy is in the process of seeking authorization in the following states so that it can provide services to the customers of 360networks, its affiliate, that are expected to be assigned to it by 360networks: Idaho, Nebraska (local exchange), New Mexico, Oregon, South Dakota (local exchange), Texas (local exchange), and Wyoming. The telecommunications experience of Onvoy's top four executives exceeds a combined total of 110 years.

Onvoy states it has not been denied requested certification in any jurisdiction, nor has any permit, license, or certificate been revoked by any authority except where Onvoy sought authorization to provide services that were not within the jurisdiction of the state agency. To clarify this statement, Onvoy stated in an email to Staff<sup>3</sup> that in Iowa, Onvoy was granted a certificate to provide local exchange services on March 24, 2006, but never began providing such services. In 2010, the Iowa Utilities Board ("IUB") started a proceeding to cancel the certificates of entities that were not providing regulated services. While Onvoy was providing wholesale access service and other unregulated services in Iowa, it was not providing any regulated services at that time. The IUB therefore cancelled Onvoy's local exchange certificate and tariff without prejudice to Onvoy seeking such authority in the future.

Staff believes that Onvoy possesses the technical capabilities necessary to provide the services proposed in this CC&N application.

#### **4. FINANCIAL CAPABILITY TO PROVIDE THE REQUESTED SERVICES**

The Applicant provided audited consolidated financial statements for the twelve months ending June 30, 2010 and twelve months ending June 30, 2011. The audited consolidated financial statements ending June 30, 2010, lists total assets of \$48,083,000; total equity of \$39,211,000; and a net income of \$908,000. The audited consolidated financial statements ending June 30, 2011, lists total assets of \$59,065,000; total equity of \$29,817,000; and a net income of \$2,535,000. The audited financial statements and accompanying notes were included

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<sup>3</sup> Email from BFerenchak to Staff, August 7, 2012.

in the application as Attachment D.

The Applicant lists conditions under which deposits and advance payments may be required for services on Page 18 of the Intrastate Tariff and Page 24 of the Access Tariff. Staff believes that advances, deposits, and/or prepayments received from the Applicant's customers should be protected by the procurement of either a performance bond or an Irrevocable Sight Draft Letter of Credit ("ISDLC"). The Applicant should be granted the discretion to procure either the performance bond or the ISDLC. Since the Applicant is requesting a CC&N for more than one kind of service, the amount of a performance bond or the ISDLC for multiple services is an aggregate of the minimum bond or the ISDLC amount for each type of telecommunications service requested by the Applicant. The Commission's current performance bond or ISDLC requirements are \$10,000 for resold long distance (for those resellers who collect deposits, advances or prepayments), \$25,000 for resold local exchange, \$100,000 for facilities-based long distance and \$100,000 for facilities-based local exchange services. Based on the services the Applicant is requesting authority to provide, the minimum recommended performance bond or ISDLC should be \$125,000. The performance bond or ISDLC coverage needs to increase in increments equal to 50 percent of the total minimum performance bond or ISDLC amount when the total amount of the deposits is within 10 percent of the total minimum performance bond or ISDLC amount. Further, measures should be taken to ensure that the Applicant shall not discontinue service to its customers without first complying with Arizona Administrative Code ("A.A.C.") R14-2-1107.

Staff recommends that the Applicant procure a performance bond or the ISDLC equal to \$125,000. The minimum performance bond or the ISDLC amount of \$125,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The performance bond or the ISDLC amount should be increased in increments of \$62,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$12,500 of the performance bond or the ISDLC amount. If the Applicant desires to discontinue service, it must file an application with the Commission pursuant to A.A.C. R14-2-1107. Additionally, the Applicant must notify each of its customers and the Commission 60 days prior to filing an application to discontinue service. Failure to meet this requirement should result in forfeiture of the Applicant's performance bond or the ISDLC.

Staff further recommends that proof of the above mentioned performance bond or an ISDLC be docketed within 90 days of the effective date of a Decision in this matter or 10 days before the first customer is served, whichever comes first. Staff also recommends that the Applicant notify Staff through a compliance filing when it begins serving customers. The original bond or ISDLC should be filed with the Commission's Business Office and 13 copies of the bond or ISDLC be filed with Docket Control, as a compliance item in this docket. The performance bond or ISDLC must remain in effect until further order of the Commission. The Commission may draw on the bond or ISDLC on behalf of, and for the sole benefit of the Applicant's customers, if the Commission finds, in its discretion, that the Applicant is in default of its obligations arising from its Certificate. The Commission may use the bond ISDLC funds, as appropriate, to protect the Applicant's customer and the public interest and take any and all

actions the Commission deems necessary, in its discretion, including, but not limited to returning prepayments or deposits collected from the Applicant's customers.

## **5. ESTABLISHING RATES AND CHARGES**

The Applicant would initially be providing service in areas where an incumbent local exchange carrier ("ILEC"), along with various competitive local exchange carriers ("CLECs") and interexchange carriers are providing telephone service. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Thus, the competitive process should result in rates that are just and reasonable.

Both an actual rate and a maximum rate may be listed for each competitive service offered. The rate charged for a service may not be less than the Applicant's total service long-run incremental cost of providing the service pursuant to A.A.C. R14-2-1109.

The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. In section (B-4) of its application the Applicant states that its projected net book value at the end of the first twelve months of operation is zero in Arizona jurisdictional assets. Additionally, Onvoy states in section (B-4), that projected revenues of \$158,000 are anticipated for the first twelve months of operation.

Staff has reviewed the rates proposed in Onvoy's tariff and believes they are comparable to the rates charged by competitive local carriers and local incumbent carriers operating in the State of Arizona. The rate to be ultimately charged by the Applicant will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base information submitted by the Applicant, the fair value rate base information provided should not be given substantial weight in this analysis.

## **6. LOCAL EXCHANGE CARRIER SPECIFIC ISSUES**

Issues related to the provision of that Local Exchange service are discussed below.

### **6.1 NUMBER PORTABILITY**

The Commission has adopted rules to address number portability in a competitive telecommunications services market. Local exchange competition may not be vigorous if customers, especially business customers, must change their telephone numbers to take advantage of a competitive local exchange carrier's service offerings. Consistent with federal laws, federal rules and A.A.C. R14-2-1308(A), the Applicant shall make number portability available to facilitate the ability of a customer to switch between authorized local carriers within

a given wire center without changing their telephone number and without impairment to quality, functionality, reliability or convenience of use.

## **6.2 PROVISION OF BASIC TELEPHONE SERVICE AND UNIVERSAL SERVICE**

The Commission has adopted rules to address universal telephone service in Arizona. A.A.C. R14-2-1204(A) indicates that all telecommunications service providers that interconnect into the public switched network shall provide funding for the Arizona Universal Service Fund ("AUSF"). The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204(B).

## **6.3 QUALITY OF SERVICE**

Staff believes that the Applicant should be ordered to abide by the quality of service standards that were approved by the Commission for Qwest Corporation (f/k/a USWC now dba CenturyLink QC) in Docket No. T-01051B-93-0183 (Decision No. 59421). Because the penalties developed in that docket were initiated because CenturyLink's level of service was not satisfactory and the Applicant does not have a similar history of service quality problems, Staff does not recommend that those penalties apply to the Applicant. In the competitive market that the Applicant wishes to enter, the Applicant generally will have no market power and will be forced to provide a satisfactory level of service or risk losing its customers. Therefore, Staff believes that it is unnecessary to subject the Applicant to those penalties at this time.

## **6.4 ACCESS TO ALTERNATIVE LOCAL EXCHANGE SERVICE PROVIDERS**

Staff expects that there will be new entrant providers of local exchange service who will install the plant necessary to provide telephone service to, for example, a residential subdivision or an industrial park much like existing local exchange companies do today. There may be areas where the Applicant installs the only local exchange service facilities. In the interest of providing competitive alternatives to the Applicant's local exchange service customers, Staff recommends that the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve such areas. This way, an alternative local exchange service provider may serve a customer if the customer so desires. Access to other providers should be provided pursuant to the provisions of the 1996 Telecommunications Act, the rules promulgated there under and Commission rules on interconnection and unbundling.

## **6.5 911 SERVICE**

The Commission has adopted rules to address 911 and E911 services in a competitive telecommunications services market. The Applicant has certified that in accordance with A.A.C. R14-2-1201(6)(d) and Federal Communications Commission 47 CFR Sections 64.3001 and 64.3002, it will provide all customers with 911 and E911 service, where available, or will coordinate with ILECs and emergency service providers to provide 911 and E911 service.

## **6.6 CUSTOM LOCAL AREA SIGNALING SERVICES**

Consistent with past Commission decisions, the Applicant may offer Caller ID provided that per call and line blocking, with the capability to toggle between blocking and unblocking the transmission of the telephone number, are provided as options to which customers could subscribe with no charge. Also, Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated, indicating that the number has been blocked, must be offered.

## **7. REVIEW OF COMPLAINT INFORMATION**

The Applicant states that it has neither had an application for service denied, nor had its authority to provide service revoked in any state, except as previously discussed in Section 3. Staff did not find any instances of denied applications or revocation of authority to provide service. The Applicant indicated in the application that neither it nor any of its officers, directors or partners have been or are currently involved any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency or law enforcement agency. Staff has found no instances of any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency or law enforcement agency involving the Applicant or any of its officers, directors or managers.

On July 9, 2012, the Applicant filed an amended response to Section A-12 of the Application as follows:

Except as described below, neither Applicant nor any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

While Applicant was not the target or subject of the investigation, out of an abundance of caution Applicant informs the Commission of the following investigation involving MCI nearly 10 years ago. Specifically, Applicant received a grand jury subpoena from the US Attorney for the Southern District of New York in July of 2003. The grand jury subpoena was prompted by claims made by a former employee of Onvoy and MCI. Onvoy cooperated in the investigation which ended with the US Attorney making no charges or allegations that Onvoy had engaged in any wrongdoing.

The US Attorney investigated two areas of inquiry. First, whether there had been any "code stripping" pursuant to which call records had been altered to hide or disguise the long distance nature of the call so as to avoid an obligation to pay access charges. Second, the US Attorney focused on MCI's long distance call termination practices, including the communications and contracts between Onvoy and MCI. The US Attorney also informed Onvoy, through counsel, that it



was looking at a number of different aspects of least cost routing to determine if any fraudulent activity occurred, including whether terminating access charges were illegally sought to be avoided engaged in any alteration, elimination manipulation or modification of call records, whether documents were falsified and whether call data had been altered or eliminated.

Following the receipt of the grand jury subpoena, Onvoy hired an outside law firm, Lindquist and Vennum, to conduct an internal investigation into the issues raised by the subpoena. Lindquist and Vennum conducted interviews of over two dozen current and former Onvoy employees and reviewed thousands of pages of documents and retained experts to assist in analyzing Onvoy's call records. Lindquist & Vennum found no evidence that long distance traffic sent to Onvoy from MCI was illegally or inappropriately routed; no evidence that Onvoy personnel had engaged in any alteration, elimination manipulation or modification of call records; and no evidence that Onvoy committed any fraud.

Onvoy cooperated in the investigation, which the US Attorney closed without charging or alleging that Onvoy had engaged in any wrongdoing.

The Applicant indicated, except as described above in the amendment, that neither it nor any of its officers, directors or partners have been in or are currently involved in any civil or criminal investigations, or had judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts in the past ten (10) years. Staff found in a Web search a similar civil lawsuit<sup>4</sup> filed by AT&T against MCI and Onvoy based on the same premise as described above. On February 23, 2004, AT&T announced it settled its dispute with Onvoy and the terms of the settlement were kept confidential. Separately, AT&T and MCI also settled their dispute and AT&T withdrew its lawsuit. Aside from this case, Staff found no further instances of Onvoy nor it nor any of its officers, directors or partners have been in or are currently involved in any civil or criminal investigations, or had judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts in the past ten (10) years.

The Applicant has currently been granted authority in seventeen (17) other jurisdictions.<sup>5</sup> Staff contacted all of the other jurisdictions where the Applicant is currently authorized to provide service to verify certification to provide service and to inquire about complaints. Of all the jurisdictions, thirteen (13) state commissions<sup>6</sup> responded to Staff's inquiry. All thirteen states advised that the Applicant was indeed authorized to provide service in their jurisdiction and that no complaints had been received about the Applicant.

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<sup>4</sup> United States District Court for the Eastern District of Virginia, Alexandria Division, Civil Action No. 03-1114-A, filed September 2, 2003.

<sup>5</sup> California, Colorado, Indiana, Iowa, Michigan, Minnesota, Montana, Nebraska, Nevada, North Dakota, Ohio, Oregon, South Dakota, Texas, Utah, Washington and Wisconsin

<sup>6</sup> California, Colorado, Indiana, Iowa, Nebraska, Nevada, Ohio, Oregon, South Dakota, Texas, Utah, Washington and Wisconsin.

The Corporations Division has indicated that Onvoy, Inc. is in good standing. The Consumer Services Section reports no complaints have been filed in Arizona from January 1, 2009 to August 14, 2012. A search of the Federal Communications Commission's website found that there have been no formal or informal complaint proceedings involving the Applicant.

## **8. COMPETITIVE SERVICES ANALYSIS**

The Applicant has petitioned the Commission for a determination that the services it is seeking to provide should be classified as competitive.

### **8.1 COMPETITIVE SERVICES ANALYSIS FOR LOCAL EXCHANGE SERVICES**

#### **8.1.1 A description of the general economic conditions that exist, which makes the relevant market for the service one that, is competitive.**

The local exchange market that the Applicant seeks to enter is one in which a number of CLECs have been authorized to provide local exchange service. At locations where ILECs provide local exchange service, the Applicant will be entering the market as an alternative provider of local exchange service and, as such, the Applicant will have to compete with those companies in order to obtain customers. In areas where ILECs do not serve customers, the Applicant may have to convince developers to allow it to provide service to their developments.

#### **8.1.2 The number of alternative providers of the service.**

CenturyLink and various independent ILECs are the primary providers of local exchange service in the State. Several CLECs and local exchange resellers are also providing local exchange service.

#### **8.1.3 The estimated market share held by each alternative provider of the service.**

Since CenturyLink and the independent ILECs are the primary providers of local exchange service in the State, they have a large share of the market. Since the CLECs and local exchange resellers have only recently been authorized to offer service they have limited market share.

#### **8.1.4 The names and addresses of any alternative providers of the service that are also affiliates of the Applicant, as defined in A.A.C. R14-2-801.**

Currently, Onvoy has two affiliates in Arizona as indicated in section 3 of this report that provide local exchange services – Zayo Group, Inc. and 360networks (USA) inc.

**8.1.5 The ability of alternative providers to make functionally equivalent or substitute services readily available at competitive rates, terms and conditions.**

ILECs have the ability to offer the same services that the Applicant has requested in their respective service territories. Similarly many of the CLECs and local exchange resellers also offer substantially similar services.

**8.1.6 Other indicators of market power, which may include growth and shifts in market share, ease of entry and exit, and any affiliation between and among alternative providers of the service(s).**

The local exchange service market is:

- a. One in which ILECs own networks that reach nearly every residence and business in their service territories. Competition exists in most urban markets, but to a lesser degree in the rural areas of the state.
- b. One in which new entrants will be dependent upon ILECs:
  1. To terminate traffic to customers.
  2. To provide essential local exchange service elements until the entrant's own network has been built.
  3. For interconnection.
- c. One in which ILECs have had an existing relationship with their customers that the new entrants will have to overcome if they want to compete in the market and one in which new entrants do not have a long history with any customers.
- d. One in which most customers in more rural areas have few, if any choices since there is generally only one provider of local exchange service in each rural service territories.
- e. One in which the Applicant will not have the capability to adversely affect prices or restrict output to the detriment of telephone service subscribers.

**9. PRIVATE LINE TELECOMMUNICATIONS SERVICE SPECIFIC ISSUES**

Private line service is a direct circuit or channel specifically dedicated to the use of an end user organization for the purpose of directly connecting two or more sites in a multi-site enterprise. Private line service provides a means by which customers may transmit and receive messages and data among various customer locations over facilities operated and provided by the Applicant. The Applicant is therefore engaged in providing telecommunications service for hire to the public, which fits the definition of a common carrier and a public service corporation.

The Applicant will be providing service in areas where an ILEC, along with various

CLECs and interexchange carriers are providing telephone and private line services. Therefore, the Applicant would have to compete with those providers in order to obtain subscribers to its services. The Applicant would be a new entrant and would face competition from both an incumbent provider and other competitive providers in offering service to its potential customers. Therefore, the Applicant would generally not be able to exert market power. Private line services are highly competitive, thus, the competitive process should result in rates that are just and reasonable.

## **10. RECOMMENDATIONS**

The following sections contain the Staff recommendations on the application for a CC&N and the Applicant's petition for a Commission determination that its proposed services should be classified as competitive.

### **10.1 RECOMMENDATIONS ON THE APPLICATION FOR A CC&N**

Staff recommends that Applicant's application for a CC&N to provide intrastate telecommunications services, as listed in this Report, be granted. In addition, Staff further recommends:

1. That the Applicant comply with all Commission Rules, Orders and other requirements relevant to the provision of intrastate telecommunications services;
2. That the Applicant abide by the quality of service standards that were approved by the Commission for Qwest in Docket No. T-01051B-93-0183;
3. That the Applicant be prohibited from barring access to alternative local exchange service providers who wish to serve areas where the Applicant is the only provider of local exchange service facilities;
4. That the Applicant be required to notify the Commission immediately upon changes to the Applicant's name, address or telephone number;
5. That the Applicant cooperate with Commission investigations including, but not limited to customer complaints;
6. The rates proposed by this filing are for competitive services. In general, rates for competitive services are not set according to rate of return regulation. Onvoy's projected book value or fair value rate base at the end of its first 12 months of operation is projected to be zero. Additionally, Onvoy provided a revenue projection of \$158,000 for its first twelve months of operation. Staff has reviewed the rates to be charged by the Applicant and believes they are just and reasonable as they are comparable to other providers offering service in Arizona and comparable to the rates the Applicant charges in other jurisdictions. The rate to be ultimately charged by the Applicant will be heavily influenced by the market. Therefore, while Staff considered the fair value rate base

information submitted by the Applicant, the fair value information provided was not given substantial weight in this analysis;

7. That the Applicant offer Caller ID with the capability to toggle between blocking and unblocking the transmission of the telephone number at no charge;
8. That the Applicant offer Last Call Return service that will not return calls to telephone numbers that have the privacy indicator activated;
9. That the Commission authorize the Applicant to discount its rates and service charges to the marginal cost of providing the services;

Staff further recommends that the Applicant be ordered to comply with the following. If it does not do so, the Applicant's CC&N shall be null and void, after due process.

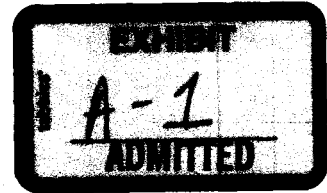
1. The Applicant shall docket a conforming tariff for each service within its CC&N within 365 days from the date of an Order in this matter or 30 days prior to providing service, whichever comes first:
2. The Applicant shall:
  - a. Procure a performance bond or an ISDLC equal to \$125,000. The minimum bond or draft amount of \$125,000 should be increased if at any time it would be insufficient to cover advances, deposits, and/or prepayments collected from the Applicant's customers. The bond or draft amount should be increased in increments of \$62,500. This increase should occur when the total amount of the advances, deposits, and prepayments is within \$12,500 of the bond amount or ISDLC amount; and
  - b. File the original performance bond or ISDLC with the Commission's Business Office and 13 copies of the performance bond or ISDLC with Docket Control, as a compliance item in this docket, within 90 days of the effective date of a decision in this matter or 10 days before the first customer is served, whichever comes earlier. The performance bond or ISDLC must remain in effect until further order of the Commission;
  - c. Notify the Commission through a compliance filing within 30 days of the commencement of service to end-user customers; and
3. The Applicant shall abide by the Commission adopted rules that address Universal Service in Arizona. A.A.C. R14-2-1204(A) indicates that all telecommunications service providers that interconnect into the public switched network shall provide funding for the Arizona Universal Fund. The Applicant will make the necessary monthly payments required by A.A.C. R14-2-1204 (B).

Furthermore, Staff recommends that approval of the Application be conditioned on the following:

1. That Onvoy's application be approved based upon its representation to the Commission that Onvoy will be providing local exchange service directly to end-users in Arizona. Should Onvoy not provide service directly to end-user customers, it shall notify the Commission within three years of the date of the decision for this application and file for cancellation its CC&N.

#### **10.2 RECOMMENDATION ON THE APPLICANT'S PETITION TO HAVE ITS PROPOSED SERVICES CLASSIFIED AS COMPETITIVE**

Staff believes that the Applicant's proposed services should be classified as competitive. There are alternatives to the Applicant's services. The Applicant will have to convince customers to purchase its services, and the Applicant has no ability to adversely affect the local exchange or interexchange service markets. Therefore, the Applicant currently has no market power in the local exchange or interexchange service markets where alternative providers of telecommunications services exist. Staff therefore recommends that the Applicant's proposed services be classified as competitive.



ARIZONA CORPORATION COMMISSION

Application and Petition for Certificate of Convenience and Necessity to Provide  
Intrastate Telecommunications Services

Mail original plus 13 copies of completed application to:

For Docket Control Only:  
(Please Stamp Here)

DocketControlCenter  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007-2927

Please indicate if you have current applications pending  
in Arizona as an Interexchange reseller, AOS provider,  
or as the provider of other telecommunication services.

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Date Docketed: \_\_\_\_\_

Type of Service: \_\_\_\_\_

Docket No.: \_\_\_\_\_ Date: \_\_\_\_\_

Date Docketed: \_\_\_\_\_

A. COMPANY AND TELECOMMUNICATION SERVICE INFORMATION

(A-1) Please indicate the type of telecommunications services that you want to provide in Arizona and mark the appropriate box(s).

- ☐ Resold Long Distance Telecommunications Services (Answer Sections A, B).
- ☒ Resold Local Exchange Telecommunications Services (Answer Sections A, B, C).
- ☐ Facilities-Based Long Distance Telecommunications Services (Answer Sections A, B, D).
- ☒ Facilities-Based Local Exchange Telecommunications Services (Answer Sections A, B, C, D, E)
- ☐ Alternative Operator Services Telecommunications Services (Answer Sections A, B)
- ☒ Other Resold and Facilities-Based IntraLATA and InterLATA Private Line Services (Please attach complete description)

(A-2) The name, address, telephone number (including area code), facsimile number (including area code), e-mail address, and World Wide Web address (if one is available for consumer access) of the Applicant:

Onvoy, Inc. d/b/a Onvoy Voice Services  
300 South Highway 169, Suite 700  
Minneapolis, MN 55426-1137  
763-230-2036 (Tel)  
952-230-4200 (Fax)  
www.onvoy.com

(A-7) What type of legal entity is the Applicant? Mark the appropriate box(s) and category.

- ☐ Sole proprietorship
- ☐ Partnership:    \_\_\_ Limited,    \_\_\_ General,    \_\_\_ Arizona,    \_\_\_ Foreign
- ☐ Limited Liability Company:    \_\_\_ Arizona,    \_\_\_ Foreign
- ☒ Corporation:    \_\_\_ "S",    \_\_\_ "C",    \_\_\_ Non-profit
- ☐ Other, specify: \_\_\_\_\_

(A-8) Please include "Attachment A":

Attachment "A" must include the following information:

1. A copy of the Applicant's Certificate of Good Standing as a domestic or foreign corporation, LLC, or other entity in Arizona.

Please see Attachment A.

2. A list of the names of all owners, partners, limited liability company managers (or if a member managed LLC, all members), or corporation officers and directors (specify).

Onvoy is a direct subsidiary of Zayo Group Holdings, Inc. ("Holdings"), a Delaware corporation.

Onvoy's officers and directors are:

Officers:

Dan Caruso, CEO and President  
Ken desGarennes, Vice President and CFO  
Scott Beer, Vice President, Secretary and General Counsel

Directors:

Daniel P. Caruso  
Gillis Cashman (M/C Venture Partners)  
John Siegel (Columbia Capital)  
John A. Downer (Tony) (Oak Investment Partners)  
Michael Choe (Charlesbank)  
Rick Connor

3. Indicate percentages of ownership of each person listed in A-8.2.

Onvoy is a direct subsidiary of Holdings.



(A-9) Include your Tariff as "Attachment B".

Your Tariff must include the following information:

**Onvoy's Intrastate Tariff is provided as Attachment B-1 and Onvoy's Access Tariff is provided as Attachment B-2**

1. Proposed Rates and Charges for each service offered (reference by Tariff page number).

**Intrastate Tariff: Page 37**

**Access Tariff: Pages 65-67, 82**

2. Tariff Maximum Rate and Prices to be charged (reference by Tariff page number).

**The maximum rates are currently the same as the actual rates.**

3. Terms and Conditions Applicable to provision of Service (reference by Tariff page number).

**Intrastate Tariff: Pages 6-30**

**Access Tariff: Pages 6-38**

4. Deposits, Advances, and/or Prepayments Applicable to provision of Service (reference by Tariff page number).

**Intrastate Tariff: Page 18-19**

**Access Tariff: Page 24-25**

5. The proposed fee that will be charged for returned checks (reference by Tariff page number).

**Intrastate Tariff: Page 37**

**Access Tariff: Not applicable.**

(A-10) Indicate the geographic market to be served:



Statewide. (Applicant adopts statewide map of Arizona provided with this application).



Other. Describe and provide a detailed map depicting the area.

(A-11) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any formal or informal complaint proceedings before any state or federal regulatory commission, administrative agency, or law enforcement agency.

Describe in detail any such involvement. Please make sure you provide the following information:

1. States in which the Applicant has been or is involved in proceedings.
2. Detailed explanations of the Substance of the Complaints.
3. Commission Orders that resolved any and all Complaints.
4. Actions taken by the Applicant to remedy and/or prevent the Complaints from re-occurring.

**Neither Applicant nor any of its officers, directors, partners or managers has been or are currently the subject of any formal or informal complaint proceedings pending before any state or federal regulatory commission, administrative agency, or law enforcement agency.**

(A-12) Indicate if the Applicant or any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

Describe in detail any such judgments or convictions. Please make sure you provide the following information:

1. States involved in the judgments and/or convictions.
2. Reasons for the investigation and/or judgment.
3. Copy of the Court order, if applicable.

Except as described below, neither Applicant nor any of its officers, directors, partners, or managers has been or are currently involved in any civil or criminal investigation, or had judgments entered in any civil matter, judgments levied by any administrative or regulatory agency, or been convicted of any criminal acts within the last ten (10) years.

While Applicant was not the target or subject of the investigation, out of an abundance of caution Applicant informs the Commission of the following investigation involving MCI nearly 10 years ago. Specifically, Applicant received a grand jury subpoena from the US Attorney for the Southern District of New York in July of 2003. The grand jury subpoena was prompted by claims made by a former employee of Onvoy and MCI. Onvoy cooperated in the investigation which ended with the US Attorney making no charges or allegations that Onvoy had engaged in any wrongdoing.

The US Attorney investigated two areas of inquiry. First, whether there had been any "code stripping" pursuant to which call records had been altered to hide or disguise the long distance nature of the call so as to avoid an obligation to pay access charges. Second, the US Attorney focused on MCI's long distance call termination practices, including the communications and contracts between Onvoy and MCI. The US Attorney also informed Onvoy, through counsel, that it was looking at a number of different aspects of least cost routing to determine if any fraudulent activity occurred, including whether terminating access charges were illegally sought to be avoided engaged in any alteration, elimination manipulation or modification of call records, whether documents were falsified and whether call data had been altered or eliminated.

Following the receipt of the grand jury subpoena, Onvoy hired an outside law firm, Lindquist and Vennum, to conduct an internal investigation into the issues raised by the subpoena. Lindquist and Vennum conducted interviews of over two dozen current and former Onvoy employees and reviewed thousands of pages of documents and retained experts to assist in analyzing Onvoy's call records. Lindquist & Vennum found no evidence that long distance traffic sent to Onvoy from MCI was illegally or inappropriately routed; no evidence that Onvoy personnel had engaged in any alteration, elimination manipulation or modification of call records; and no evidence that Onvoy committed any fraud.

Onvoy cooperated in the investigation, which the US Attorney closed without charging or alleging that Onvoy had engaged in any wrongdoing.

(A-13) Indicate if the Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

☒ Yes

☐ No

To the extent Applicant provides basic local exchange services, Applicant's customers will be able to access alternative toll service providers or resellers via 1+101XXXX access.

(A-14) Is Applicant willing to post a Performance Bond? Please check appropriate box(s).

☐ For Long Distance Resellers, a \$10,000 bond will be recommended for those resellers who collect advances, prepayments or deposits.

☐ Yes

☐ No

If "No", continue to question (A-15).

☒ For Local Exchange Resellers, a \$25,000 bond will be recommended.

☒ Yes

☐ No

If "No", continue to question (A-15).

☐ For Facilities-Based Providers of Long Distance, a \$100,000 bond will be recommended.

☐ Yes

☐ No

If "No", continue to question (A-15).

☒ For Facilities-Based Providers of Local Exchange, a \$100,000 bond will be recommended.

☒ Yes

☐ No

If any box in (A-14) is marked "No", continue to question (A-15).

**Note:** Amounts are cumulative if the Applicant is applying for more than onetype of service.

While Applicant is willing to post a Performance Bond, Applicant does not believe that a bond should be required because Applicant does not intend to provide telecommunications services to residential customers. Instead, Applicant will provide telecommunications services to enterprise and carrier customers.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

Applicant's deposit policy can be found on page 18 of the Intrastate Tariff and page 24 of the Access Tariff. Applicant does not intend to provide telecommunications services to residential customers.

(A-15) If any box in (A-14) is marked "No", provide the following information. Clarify and explain the Applicant's deposit policy (reference by tariff page number). Provide a detailed explanation of why the Applicant's superior financial position limits any risk to Arizona consumers.

Applicant's deposit policy can be found on page 18 of the Intrastate Tariff and page 24 of the Access Tariff. Applicant does not intend to provide telecommunications services to residential customers.

(A-16) Submit copies of affidavits of publication that the Applicant has, as required, published legal notice of the Application in all counties where the Applicant is requesting authority to provide service.

Note: For Resellers, the Applicant must complete and submit an Affidavit of Publication Form as Attachment "C" before Staff prepares and issues its report. Refer to the Commission's website for Legal Notice Material (Newspaper Information, Sample Legal Notice and Affidavit of Publication). For Facilities-Based Service Providers, the Hearing Division will advise the Applicant of the date of the hearing and the publication of legal notice. Do not publish legal notice or file affidavits of publication until you are advised to do so by the Hearing Division.

**Applicant will publish notice once advised to do so by the Hearing Division.**

(A-17) Indicate if the Applicant is a switchless reseller of the type of telecommunications services that the Applicant will or intends to resell in Arizona:

☐

Yes

☒

No

If "Yes", provide the name of the company or companies whose telecommunications services the Applicant resells.

(A-18) List the States in which the Applicant has had an application approved or denied to offer telecommunications services similar to those that the Applicant will or intends to offer in Arizona:

Note: If the Applicant is currently approved to provide telecommunications services that the Applicant intends to provide in Arizona in less than six states, excluding Arizona, list the Public Utility Commission ("PUC") of each state that granted the authorization. For each PUC listed provide the name of the contact person, their phone number, mailing address including zip code, and e-mail address.

Onvoy is currently authorized to provide local and/or interexchange telecommunications service in California, Colorado, Indiana, Iowa (interexchange only), Michigan, Minnesota, Montana, Nebraska (interexchange only), Nevada, North Dakota, Ohio, Oregon, South Dakota (interexchange only), Utah, Washington and Wisconsin. Onvoy is in the process of seeking authorization in the following states so that Onvoy can provide services to the customers of 360networks that are expected to be assigned to Onvoy from its affiliate 360networks (USA) Inc. ("360networks"): Idaho, Nebraska (local exchange), New Mexico, Oregon, South Dakota (local exchange), Texas (local exchange), and Wyoming. Onvoy is also seeking authorization in New York. Onvoy has not been denied requested certification in any jurisdiction, nor has any permit, license, or certificate been revoked by any authority except where Onvoy sought authorization to provide services that were not within the jurisdiction of the state agency.

(A-19) List the States in which the Applicant currently offers telecommunications services similar to those that the Applicant will or intends to offer in Arizona.

**Note:** If the Applicant currently provides telecommunication services that the Applicant intends to provide in Arizona in six or more states, excluding Arizona, list the states. If the Applicant does not currently provide telecommunications services that the Applicant intends to provide in Arizona in five or less states, list the key personnel employed by the Applicant. Indicate each employee's name, title, position, description of their work experience, and years of service in the telecommunications services industry.

Onvoy is currently authorized to provide telecommunications service in California, Colorado, Indiana, Iowa (interexchange only), Michigan, Minnesota, Montana, Nebraska (interexchange only), Nevada, North Dakota, Ohio, Oregon, South Dakota (interexchange only), Texas (interexchange only), Utah, Washington and Wisconsin.

Biographies of Onvoy's key personnel are provided as Exhibit A.

(A-20) List the names and addresses of any alternative providers of the service that are also affiliates of the telecommunications company, as defined in R14-2-801.

The following affiliates of Applicant are authorized to provide all or some of the services that Applicant is seeking authorization to provide: Zayo Group, LLC, American Fiber Systems, Inc. and 360networks (USA) inc. All of these entities have a principal business address at 400 Centennial Parkway, Suite 200, Louisville, CO80027.

(A-21) Check here if you wish to adopt as your petition a statement that the service has already been classified as competitive by Commission Decision:

- ☐ Decision # 64178 Resold Long Distance  
☒ Decision # 64178 Resold LEC  
☐ Decision # 64178 Facilities Based Long Distance  
☒ Decision # 64178 Facilities Based LEC

#### B. FINANCIAL INFORMATION

(B-1) Indicate if the Applicant has financial statements for the two (2) most recent years.

☒ Yes ☐ No

If "No," explain why and give the date on which the Applicant began operations.

(B-2) Include "Attachment D".

Provide the Applicant's financial information for the two (2) most recent years.

1. A copy of the Applicant's balance sheet.
2. A copy of the Applicant's income statement.

4. A copy of the Applicant's retained earnings balance.
5. A copy of all related notes to the financial statements and information.

**Note:** Make sure "most recent years" includes current calendar year or current year reporting period.

**Attachment D contains Applicants most recent audited financial statements for the period ended June 30, 2011.**

- (B-3)** Indicate if the Applicant will rely on the financial resources of its Parent Company, if applicable.
- No. Applicant will rely on its own financial resources.**

- (B-4)** The Applicant must provide the following information.

1. Provide the projected total revenue expected to be generated by the provision of telecommunications services to Arizona customers for the first twelve months following certification, adjusted to reflect the maximum rates for which the Applicant requested approval. Adjusted revenues may be calculated as the number of units sold times the maximum charge per unit.

**Applicant projects total revenue of approximately \$422,000 (Interstate \$278,600 / Intrastate \$143,400) for the first twelve months of providing telecommunications services following certification.**

2. Provide the operating expenses expected to be incurred during the first twelve months of providing telecommunications services to Arizona customers following certification.

**Applicant projects operating expenses of approximately \$158,000 during the first twelve months of providing telecommunications services following certification.**

3. Provide the net book value (original cost less accumulated depreciation) of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers at the end of the first twelve months of operation. Assets are not limited to plant and equipment. Items such as office equipment and office supplies should be included in this list.

**At the end of the first twelve months of operation, Applicants net book value of all Arizona jurisdictional assets expected to be used in the provision of telecommunications service to Arizona customers is \$0.**

4. If the projected value of all assets is zero, please specifically state this in your response.

**Please see response to B-4(3), above.**

5. If the projected fair value of the assets is different than the projected net book value, also provide the corresponding projected fair value amounts.

**The current fair value of assets is the same as the current net book value.**

**C. RESOLD AND/OR FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(C-1) Indicate if the Applicant has a resale agreement in operation,

☐

Yes

☒

No

If "Yes", please reference the resale agreement by Commission Docket Number or Commission Decision Number.

**D. FACILITIES-BASED LONG DISTANCE AND/OR FACILITIES BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(D-1) Indicate if the Applicant is currently selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona. This item applies to an Applicant requesting a geographic expansion of their CC&N:

☐

Yes

☒

No

If "Yes," provide the following information:

1. The date or approximate date that the Applicant began selling facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services in Arizona.
2. Identify the types of facilities-based long distance telecommunications services AND/OR facilities-based local exchange telecommunications services that the Applicant sells in Arizona.

If "No," indicate the date when the Applicant will begin to sell facilities-based long distance telecommunications AND/OR facilities-based local exchange telecommunications services in Arizona.

Not applicable.

**E. FACILITIES-BASED LOCAL EXCHANGE TELECOMMUNICATIONS SERVICES**

(E-1) Indicate whether the Applicant will abide by the quality of service standards that were approved by the Commission in Commission Decision Number 59421:

☒

Yes

☐

No

To the extent that Applicant provides retail basic local exchange services, Applicant will abide by the quality of service standards approved in Commission Decision Number 59421.

(E-2) Indicate whether the Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with incumbent local exchange carriers ("ILECs") and emergency service providers to provide this service:

☒

Yes

☐

No

To the extent that Applicant provides retail basic local exchange services, Applicant will provide all customers with 911 and E911 service, where available, and will coordinate with ILEC and emergency service providers to provide this service.

(E-3) Indicate that the Applicant's switch is "fully equal access capable" (i.e., would provide equal access to facilities-based long distance companies) pursuant to A.A.C. R14-2-1111 (A):

☒

Yes

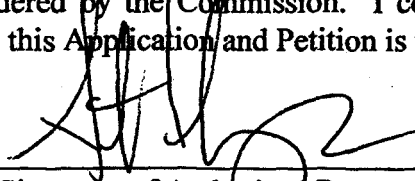
☐

No

To the extent Applicant deploys its own switch, it will be fully equal access capable.



I certify that if the applicant is an Arizona corporation, a current copy of the Articles of Incorporation is on file with the Arizona Corporation Commission and the applicant holds a Certificate of Good Standing from the Commission. If the company is a foreign corporation or partnership, I certify that the company has authority to transact business in Arizona. I certify that all appropriate city, county, and/or State agency approvals have been obtained. Upon signing of this application, I attest that I have read the Commission's rules and regulations relating to the regulations of telecommunications services (A.A.C. Title 14, Chapter 2, Article 11) and that the company will abide by Arizona state law including the Arizona Corporation Commission Rules. I agree that the Commission's rules apply in the event there is a conflict between those rules and the company's tariff, unless otherwise ordered by the Commission. I certify that to the best of my knowledge the information provided in this Application and Petition is true and correct.



(Signature of Authorized Representative)

3/12/12  
(Date)

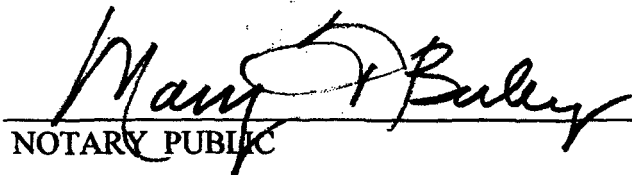
**Scott Sawyer**

(Print Name of Authorized Representative)

**General Counsel**

(Title)

SUBSCRIBED AND SWORN to before me this 12<sup>th</sup> day March, 2012

  
NOTARY PUBLIC

My Commission Expires

1/31/2017



## **LIST OF ATTACHMENTS & EXHIBITS**

<b>Attachment A-1</b>	<b>Amended and Restatement Articles of Incorporation</b>
<b>Attachment A-2</b>	<b>Certificate of Good Standing as Foreign Entity</b>
<b>Attachment B-1</b>	<b>Proposed Intrastate Tariff</b>
<b>Attachment B-2</b>	<b>Proposed Access Tariff</b>
<b>Attachment C</b>	<b>[NOT APPLICABLE]</b>
<b>Attachment D</b>	<b>Financial Information</b>
<b>Exhibit A</b>	<b>Management Biographies</b>

**ATTACHMENT A-1**

**Amended and Restatement Articles of Incorporation**

6B-729

State of Minnesota

## SECRETARY OF STATE

### Certificate of Merger

I, Mark Ritchie, Secretary of State of Minnesota, certify that the documents required to effectuate a merger between the entities listed below and designating the surviving entity have been filed in this office on the date noted on this certificate; and the qualification of any non-surviving entity to do business in Minnesota is terminated on the effective date of this merger.

Merger Filed Pursuant to Minnesota Statutes, Chapter: 302A

State of Formation and Names of Merging Entities:

MN: CII MERGER SUB, INC.

MN: ONVOY, INC.

State of Formation and Name of Surviving Entity:

MN: ONVOY, INC.

Effective Date of Merger: 11/7/2007

Name of Surviving Entity after Effective Date of Merger:

ONVOY, INC.

This Certificate has been issued on: 11/7/2007



*Mark Ritchie*  
Secretary of State.

6B-729

DC-M

25804050002

ARTICLES OF MERGER  
OF CII MERGER SUB, INC.  
WITH AND INTO  
ONVOY, INC.

Pursuant to the provisions of Minnesota Statutes Section 302A.615, the undersigned, Onvoy, Inc., a Minnesota corporation ("Onvoy"), and CII Merger Sub, Inc., a Minnesota corporation ("Merger Sub"), hereby adopt the following Articles of Merger for the purpose of merging Merger Sub with and into Onvoy (the "Merger") with Onvoy as the surviving corporation following the Merger:

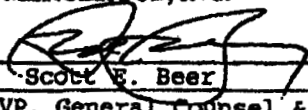
1. Attached hereto as Exhibit A is a complete copy of the Plan of Merger (the "Plan of Merger"), as required by Minnesota Statutes Section 304A.615.
2. Onvoy and Merger Sub are the constituent corporations in the Merger (the "Constituent Corporations").
3. The Plan of Merger has been approved by each of the Constituent Corporations pursuant to Chapter 302A of the Minnesota Statutes.
4. The Merger shall be effective upon the filing of these Articles of Merger with the Secretary of State of the State of Minnesota.

Executed this 7<sup>th</sup> day of November, 2007.

ONVOY, INC.

  
By Janice Aune  
Its President and Chief Executive Officer

CII MERGER SUB, INC.

  
By Scott E. Beer  
Its VP, General Counsel & Secretary

## EXHIBIT A

### PLAN OF MERGER

This **PLAN OF MERGER** (this "*Plan of Merger*") sets forth the terms of the merger (the "*Merger*") of CII Merger Sub, Inc., a Minnesota corporation ("*Merger Sub*"), with and into Onvoy, Inc., a Minnesota corporation (the "*Company*"), on the terms and conditions set forth herein and in the Merger Agreement (the "*Merger Agreement*") among the Company, Merger Sub and CII Holdco, Inc., a Delaware corporation (the "*Buyer*"). Merger Sub is a wholly owned subsidiary of Buyer.

1. **Merger.** Upon the filing of articles of merger with respect to this Plan of Merger with the Secretary of State of the State of Minnesota in accordance with Minnesota law (the "*Effective Time*"), Merger Sub shall be merged with and into the Company and the separate corporate existence of Merger Sub shall cease. The Company shall be the surviving corporation in the Merger (the "*Surviving Corporation*") and the separate corporate existence of the Company, with all its purposes, objects, rights, privileges, powers, immunities and franchises, shall continue unaffected and unimpaired by the Merger.

2. **Articles of Incorporation.** The Company's articles of incorporation shall be amended and restated as Exhibit 1 hereto so that they read in their entirety as the articles of incorporation of Merger Sub immediately prior to the Effective Time.

3. **Bylaws.** The bylaws of Merger Sub shall be the bylaws of the Surviving Corporation.

4. **Directors and Officers.** The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation, and the officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation, in each case until their successors have been elected and qualified or until otherwise provided by law.

5. **Shares.** Upon the Effective Time of the Merger, each share of the Company's Class B Cumulative Convertible Participating Preferred Stock, \$1,000 stated value per share, shall be converted into the right to receive Class B Per Share Merger Consideration (as defined in the Merger Agreement), each share of Class D Common Stock, no par value, shall be converted into the right to receive Class D per Share Merger Consideration (as defined in the Merger Agreement), and each share of the Company's Class C Common Stock, no par value, and Common Stock, \$0.01 par value per share, shall be cancelled and extinguished without any conversion of such shares and no payment will be made with respect to such shares.

Exhibit 1

**AMENDED AND RESTATED  
ARTICLES OF INCORPORATION  
OF  
ONVOY, INC.**

**ARTICLE I**

The name of this Corporation is Onvoy, Inc.

**ARTICLE II**

The address of the registered office of the Corporation in Minnesota is CT Corporation System, Inc., 100 South Fifth Street, Suite 1075, Minneapolis, Minnesota 55402. The name of the registered agent of the corporation at that address is CT Corporation System, Inc.

**ARTICLE III**

This Corporation is authorized to issue an aggregate total of one thousand (1,000) shares, all of which shall be designated Common Stock, no par value per share.

**ARTICLE IV**

The name and address of the incorporator of this Corporation are as follows: Scott E. Beer, CII Holdco, Inc., 950 Spruce Street, Suite 1A, Louisville, Colorado 80027.

**ARTICLE V**

No shareholder of this Corporation shall have any cumulative voting rights.

**ARTICLE VI**

No shareholder of this Corporation shall have any preemptive rights by virtue of Section 302A.413 of the Minnesota Statutes (or similar provisions of future law) to subscribe for, purchase, or acquire any shares of the Corporation of any class, whether unissued or now or hereafter authorized, or any obligations or other securities convertible into or exchangeable for any such shares.

**ARTICLE VII**

Any action required or permitted to be taken at a meeting of the Board of Directors of this Corporation not needing approval by the shareholders under Minnesota Statutes, Chapter 302A, may be taken by written action signed, or consented to by authenticated electronic communication, by the number of directors that would be required to take such action at a meeting of the Board of Directors at which all directors were present.



## ARTICLE VIII

Any action required or permitted to be taken at a meeting of shareholders of this Corporation may be taken by written action signed, or consented to by authenticated electronic communication, by shareholders having voting power equal to the voting power that would be required to take the same action at a meeting of the shareholders at which all shareholders were present, but in no event may written action be taken by holders of less than a majority of the voting power of all shares entitled to vote on that action.

## ARTICLE IX

Unless otherwise provided by the Board of Directors, no shareholder of this Corporation shall be entitled to exercise statutory dissenters' rights under Section 302A.471 of the Minnesota Statutes (or similar provisions of future law) in connection with any amendment to these Articles of Incorporation.

## ARTICLE X

Approval of the shareholders of this Corporation shall not be required under Section 302A.405 of the Minnesota Statutes (or similar provisions of future law) in connection with the issuance of shares of a class or series, shares of which are then outstanding, to holders of shares of another class or series.

## ARTICLE XI

No director of this Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty by such director as a director; provided, however, that this Article shall not eliminate or limit the liability of a director to the extent provided by applicable law (1) for any breach of the director's duty of loyalty to the Corporation or its shareholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) under Section 302A.559 or 80A.23 of the Minnesota Statutes (or similar provisions of future law), (4) for any transaction from which the director derived an improper personal benefit, or (5) for any act or omission occurring prior to the effective date of this Article. No amendment to or repeal of this Article shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

STATE OF MINNESOTA  
DEPARTMENT OF STATE  
FILED  
NOV -7 2007  
Mark R. Kille  
Secretary of State

**ATTACHMENT A-2**

**Certificate of Good Standing as Foreign Entity**

# STATE OF ARIZONA



Office of the  
**CORPORATION COMMISSION**  
**CERTIFICATE OF GOOD STANDING**

*To all to whom these presents shall come, greeting:*

*I, Ernest G. Johnson, Executive Director of the Arizona Corporation Commission, do hereby certify that*

**\*\*\*ONVOY, INC.\*\*\***

*a foreign corporation organized under the laws of Minnesota did obtain authority to transact business in the State of Arizona on the 4th day of November 2011.*

*I further certify that according to the records of the Arizona Corporation Commission, as of the date set forth hereunder, the said corporation has not had its authority revoked for failure to comply with the provisions of the Arizona Business Corporation Act; and that its most recent Annual Report, subject to the provisions of A.R.S. sections 10-122, 10-123, 10-125 & 10-1622, has been delivered to the Arizona Corporation Commission for filing; and that the said corporation has not filed an Application for Withdrawal as of the date of this certificate.*

*This certificate relates only to the legal authority of the above named entity as of the date issued. This certificate is not to be construed as an endorsement, recommendation, or notice of approval of the entity's condition or business activities and practices.*

**IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Arizona Corporation Commission. Done at Phoenix, the Capital, this 26th Day of March, 2012, A. D.**



*E G Johnson*  
Executive Director

By: \_\_\_\_\_ 739074

**ATTACHMENT B-1**

**Proposed Intrastate Tariff**

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INTRASTATE SERVICE

ONVOY, INC.

REGULATIONS AND SCHEDULE OF CHARGES

APPLYING TO

INTRASTATE LOCAL SERVICE

FURNISHED BY ONVOY, INC.

IN THE STATE OF ARIZONA

This tariff ("Tariff") contains the descriptions, regulations, and rates applicable to the furnishing of intrastate services offered by Onvoy, Inc. to Customers located within the State of Arizona. This Tariff is on file with the Arizona Corporation Commission.

Issued:

Effective:

Onvoy Regulatory Manager  
300 South Highway 169, Suite 700  
Minneapolis, Minnesota 55426

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**INTRASTATE LOCAL SERVICE**

**CONCURRING CARRIERS**

None

**CONNECTING CARRIERS**

None

**PARTICIPATING CARRIERS**

None

**REGISTERED SERVICE MARKS**

None

**REGISTERED TRADEMARKS**

None

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INTRASTATE LOCAL SERVICE

EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- C - To signify changed regulation.
- D - To signify discontinued rate or regulation.
- I - To signify increased rate.
- M - To signify a move in the location of text.
- N - To signify new rate or regulation.
- R - To signify reduced rate.
- S - To signify reissued matter.
- T - To signify a change in text but no change in rate or regulation.

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**INTRASTATE LOCAL SERVICE**

**SECTION 1 - APPLICATION OF TARIFF**

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of competitive intrastate services within Arizona by Onvoy, Inc. (hereinafter the Company).

This tariff is on file with the Arizona Corporation Commission, and will be maintained and made available for inspection during normal business hours at the Company's principal place of business: 300 South Highway 169, Suite 700, Minneapolis, MN 55426. This tariff is also available on the Company's web site at [www.onvoy.com](http://www.onvoy.com).

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company

A. Scope

- (1) The Company shall be responsible only for the installation, operation and maintenance of the services it provides.
- (2) The Company will, for maintenance purposes, test its services only to the extent necessary to detect and/or clear troubles.
- (3) The Company will provide services subject to the availability of facilities.
- (4) When and where facilities are so available, the Company will provide services 24 hours daily, seven days per week, except as set forth in other applicable sections of this tariff.
- (5) The Company does not warrant that its facilities and services meet standards other than those set forth in this tariff.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

B. Limitations (Continued)

B. Limitations

(1) The Customer may not assign or transfer the use of services provided under this tariff; however, where there is no interruption of use or relocation of the services, such assignment or transfer may be made to:

- (a) another Customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such services, and the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or
- (b) court-appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.

In all cases of assignment or transfer, the written acknowledgment of the Company is required prior to such assignment or transfer which acknowledgment shall be made within fifteen (15) days from the receipt of notification. All regulations and conditions contained in this tariff shall apply to such assignee or transferee.

The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

(2) The use and restoration of services shall be in accordance with Part 64, Subpart D or the Federal Communications Commission's Rules and Regulations, which specifies the priority system for such activities.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

B. Limitations (Continued)

- (3) Subject to compliance with the limitations in this Section 2.I.B, the services offered herein will be provided to Customers on a first-come, first-served basis. First-come, first-served shall be based upon the received time and date stamped by the Company on Customer orders which contain the information as required for each respective service as delineated in other sections of this tariff. Customer orders shall not be deemed to have been received until such information is provided. Should questions arise which preclude order issuance due to missing information or the need for clarification, the Company will attempt to seek such missing information or clarification on a verbal basis.

C. Liability

- (1) With respect to any claim or suit, by a Customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of service, and subject to the provisions of this Section 2.I.C, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this tariff as a Credit Allowance for a Service interruption.
- (2) The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

C. Liability (Continued)

- (3) Emergency 911 Service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the customer, or by any other party or person, for any personal injury to or death of any person or persons, or for any loss, damage or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused by: (i) mistakes, omissions, interruptions, delays, errors or other defects in the provision of this service; or (ii) installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service. Neither is Company responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of Emergency 911 service features and the equipment associated therewith, or by any services furnished by Company, including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arises out of the negligence or other wrongful act of Company, the customer, its users, agencies or municipalities, or the employees or agents of any one of them.
- (4) The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from its use of services offered under this tariff, involving:
  - (a) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communications;
  - (b) Claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by the Customer; or
  - (c) All other claims arising out of any act or omission of the Customer in the course of using services provided pursuant to this tariff.

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**INTRASTATE LOCAL SERVICE****SECTION 2. RULES AND REGULATIONS****I. Undertaking of the Company (Continued)****C. Liability (Continued)**

- (5) The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer from any and all claims by any person relating to the Customer's use of services so provided.
- (6) With respect to the provision of directory listing service, no liability for damages arising from publishing the telephone number of Non-Published service in the telephone directory or disclosing the telephone number to any person shall attach to the Company. Where such number is published in the telephone directory, the Company's liability shall be limited to a refund not exceeding the amount of any charges associated with the directory listing in which the error or omission occurs. Company in accepting listings as prescribed by applicants or customers, will not assume responsibility for the result of the publication of such listings in directories, nor will the company be a party to controversies arising between customers or others as a result of such publication.
  - (a) The customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by refusing to disclose a Non-Published telephone number upon request or by the publication of the number of a Non-Published service in the telephone directory or disclosing of such number to any person.
  - (b) When a customer with a Non-Published telephone number places a call to the Emergency 911 service, Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for the Emergency 911 service. By subscribing to service under this Tariff, the customer agrees to the release of such information under the above provision.
  - (c) The customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused directly or indirectly by the publication of a listing which the customer has requested be omitted from the telephone directory or the disclosing of such a listing to any person. Where such a listing is published in the telephone directory, the Company's liability shall be limited to a refund of any monthly charges assessed by the Company for the particular Non-Listed service.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

C. Liability (Continued)

- (7) No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this tariff. The Company will defend the Customer against claims of patent infringement arising solely from the use by the Customer of services offered under this tariff and will indemnify such Customer for any damages awarded based solely on such claims.
- (8) The Company's failure to provide or maintain services under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, criminal actions taken against the Company, acts of God and other circumstances beyond the Company's reasonable control, subject to the Credit Allowance for a Service Interruption as set forth in Section 2.IV.D following.

D. Provision of Services

The services offered under the provisions of this tariff are subject to the availability of facilities. The Company, to the extent that such services are or can be made available with reasonable effort, will provide to the customer, upon reasonable notice, services offered in other applicable sections of this tariff at rates and charges specified therein.

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**INTRASTATE LOCAL SERVICE****SECTION 2. RULES AND REGULATIONS****I. Undertaking of the Company (Continued)****E. Service Maintenance**

The services provided under this tariff shall be maintained by the Company. The customer or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

**F. Changes and Substitutions**

Except as provided for equipment and systems subject to F.C.C. Part 68 Regulations at 47 C.F.R. Section 68.110(b), the Company may, where such action is reasonably required in the operation of its business, (1) substitute, change or rearrange any facilities used in providing service under this tariff, (2) change minimum protection criteria, (3) change operating or maintenance characteristics of facilities or (4) change operations or procedures of the Company. In case of any such substitution, change or rearrangement, the transmission parameters will be within the ranges set forth in Sections 4 and 5 following. The Company shall not be responsible if any such substitution, change or rearrangement renders any customer furnished services obsolete or requires modification or alteration thereof or otherwise affects their use or performance.

If such substitution, change or rearrangement materially affects the operating characteristics of the facility, the Company will provide reasonable notification to the customer in writing. Reasonable time will be allowed for any redesign and implementation required by the change in operating characteristics. The Company will work cooperatively with the customer to determine reasonable notification procedures.

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**INTRASTATE LOCAL SERVICE****SECTION 2. RULES AND REGULATIONS****I. Undertaking of the Company (Continued)****G. Refusal and Discontinuance of Service**

- (1) If the customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on five (5) days' written notice, refuse additional applications for service and/or refuse to complete any pending orders for service at any time thereafter.
- (2) If the customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on five (5) days' written notice, discontinue the provision of the services involved at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the notice, and the customer's noncompliance continues nothing contained herein shall preclude the Company's right to discontinue the provision of the services involved without further notice to the noncomplying customer.

**H. Notification of Service-Affecting Activities**

The Company will provide the customer timely notification of service-affecting activities that may occur during the normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements, routine preventative maintenance and major switching machine change-out. Generally, such activities are not individual customer service specific; they affect many customer services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the customer to determine reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the customer may not be possible.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

I. Coordination with Respect to Network Contingencies

The Company intends to work cooperatively with the customer to develop network contingency plans in order to maintain maximum network capability following natural or man-made disasters which affect telecommunications services, subject to the Restoration Priority requirements of Part 64 of the F.C.C.'s Rules.

J. Provision and Ownership of Telephone Numbers

The Company reserves the reasonable right to assign, designate or change telephone numbers or the serving central office prefixes associated with such numbers when necessary in the conduct of its business. Should it become necessary to make a change in such number(s), the Company will furnish to the customer six (6) months' notice, by Certified U.S. Mail, of the effective date and an explanation of the reason (s) for such change(s). In the case of emergency conditions, however, e.g., a fire in a wire center, it may be necessary to change a telephone number without six (6) months' notice in order to provide service to the customer.

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**INTRASTATE LOCAL SERVICE****SECTION 2. RULES AND REGULATIONS****II. Use****A. Interference or Impairment**

- (1) The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company and associated with the facilities utilized to provide services under this tariff shall not interfere with or impair service over any facilities of the Company or its affiliates; cause damage to their plant; impair the privacy of any communications carried over their facilities, or, create hazards to the employees of any of them or the public.
- (2) Except as provided for equipment or systems subject to the F.C.C. Part 68 Rules in 47 C.F.R. Section 68.108, if such characteristics or methods of operation are not in accordance with Section 2.II.A.1 preceding, the Company will, where practicable, notify the customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Company's right to temporarily discontinue forthwith the use of a service if such action is reasonable under the circumstances. In case of such temporary discontinuance, the customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions, as set forth in 2.IV.D following, is not applicable.

**B. Unlawful Use**

The service provided under this tariff shall not be used for an unlawful purpose.

**III. Obligations of the Customer****A. Damages**

The customer shall reimburse the Company for damages to the Company facilities utilized to provide services under this tariff caused by the negligence or willful act of the customer, or resulting from improper use of the Company facilities, or due to malfunction of any facilities or equipment provided for or by the customer. Nothing in the foregoing provision shall be interpreted to hold one customer liable for another customer's actions. The Company will, upon reimbursement for damages, cooperate with the customer in prosecuting a claim against the person causing such damage and the customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

III. Obligations of the Customer (Continued)

B. Ownership or Control of Facilities

Facilities owned or leased by the Company and utilized by it to provide service under the provisions of this tariff shall remain the property of the Company. Such facilities shall be returned to the Company by the customer in as good a condition as reasonable wear will permit.

C. Availability for Testing

The facilities provided under this tariff shall be available to the Company at times mutually agreed upon in order to permit the Company to make tests and adjustments appropriate for maintaining the services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. No credit will be allowed for any interruptions involved during such tests and adjustments.

D. Balance

All signals for transmission over the services provided under this tariff shall be delivered by the customer balanced to ground except for ground start, duplex (DX) and McCulloh-Loop (Alarm System) type signaling and dc telegraph transmission at speeds of 75 baud or less.

E. Design of Customer Services

Subject to the provisions of 1.VII preceding, the customer shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Company, minimum protection criteria or operating or maintenance characteristics of the facilities.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

III. Obligations of the Customer (Continued)

F. Claims and Demands for Damages

- (1) With respect to claims of patent infringement made by third persons, the customer shall defend, indemnify, protect, and save harmless the Company from and against all claims arising out of the combining with, or use in connection with, the services provided under this tariff, or any circuit, apparatus, system or method provided by the customer.
- (2) The customer shall defend, indemnify, and save harmless the Company from and against suits, claims, losses or damages including punitive damages, attorneys' fees and court costs by third persons arising out of the construction, installation, operation, maintenance, or removal of the customer's circuits, facilities, or equipment connected to the Company's services provided under this tariff, including, without limitation, Workmen's Compensation claims, actions for infringement of copyright and/or unauthorized use of program material, libel and slander actions based on the content of communications transmitted over the customer's circuits, facilities or equipment, and proceedings to recover taxes, fines, or penalties for failure of the customer to obtain or maintain in effect any necessary certificates, permits, licenses, or other authority to acquire or operate the services provided under this tariff.
- (3) The customer shall defend, indemnify, and save harmless the Company from and against any suits, claims, losses or damages, including punitive damages, attorneys' fees and court costs by the customer or third parties arising out of any act or omission of the customer in the course of using services provided under this tariff.

G. Coordination with Respect to Network Contingencies

The customer shall, in cooperation with the Company, coordinate in planning the actions to be taken to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances

A. Payment of Rates, Charges and Deposits

- (1) The Company will, in order to safeguard its interests, require a Customer which has a proven history of late payments to the Company or which does not have established credit (except for a Customer which is a successor of a company which has established credit and has no history of late payments to the Company), to make a deposit prior to or at any time after the provision of a service to the Customer. The deposit will be held by the Company as guarantee of the payment of rates and charges. Such deposit may not exceed the actual or estimated rates and charges for the service for a two-month period. The fact that a deposit has been made in no way relieves the Customer from complying with the Company's regulations as to the prompt payment of bills.
- (2) Customers may satisfy deposit requirements as follows: in cash, certified funds, money orders, acceptable bank letter of credit, acceptable third party guarantee, or other forms of security acceptable to the company.
- (3) Deposits will be refunded to the Customer, along with accrued interest when one of the following conditions is met:
  - Service has been terminated or discontinued; or
  - A Customer is not currently delinquent and has made timely payment of bills for a period of twelve (12) consecutive months. Timely payment means that no more than two (2) bills during the previous twelve (12) months were paid beyond the due date; or
  - Service has not been suspended for non-payment with the previous twelve (12) months.

When service has been terminated or disconnected, the Company will deduct any and all unpaid amounts from the deposit and the difference will be refunded. Deposits held for Customers will accrue interest at the rate of 6% per year (simple interest), and will be credited or paid to the Customer upon the termination of service.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

- (4) The Company shall bill on a current basis all charges incurred by, and credits due to, the Customer under this tariff attributable to services established or discontinued during the preceding billing period. In addition, the Company shall bill, in advance, charges for all services to be provided during the ensuing billing period except for charges associated with service usage which will be billed in arrears. The bill day (i.e., the billing date of a bill for a customer for PRI Service under this tariff), the period of service each bill covers and the payment date is as follows:
  - (a) The Company will establish a bill day each month for each Customer account. The bill will cover non-usage sensitive service charges for the ensuing billing period for which the bill is rendered, any known unbilled non-usage sensitive charges for prior periods, and unbilled usage charges for the period after the last bill day through the current bill day. Any known unbilled usage charges for, prior periods and any known unbilled adjustments will be applied to this bill. Payment for such bills is due as set forth in (b) following. If payment is not received by the payment date, as set forth in (b) following, in immediately available funds, a late payment penalty will apply as set forth in (b) following.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

(4) (Continued)

- (b) All bills dated, as set forth in (a) preceding, for service provided to the customer by the Company, are due thirty (30) days (payment date) after the bill day and are payable in immediately available funds.

If such payment date would cause payment to be due on a Saturday, Sunday or Holiday (i.e., New Year's Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and a day when Washington's Birthday, Memorial Day or Columbus Day is legally observed) payment for such bills will be due from the customer as follows:

If such payment date falls on a Sunday or on a Holiday which is observed on a Monday, the payment date shall be the first non-Holiday day following such Sunday or Holiday. If such payment date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-Holiday day preceding such Saturday or Holiday.

Further, if any portion of the payment is received by the Company after the payment date as set forth in (a) preceding or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor is one and one-half percent (1.5%) per month calculated on the unpaid portion of the principal balance at the time that the next invoice is generated.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

(4) (Continued)

- (c) In the event that a billing dispute concerning any charges billed to the customer by the Company is resolved in favor of the Company, any payments withheld pending settlement of the dispute shall be subject to the late payment penalty set forth in (b) preceding.
- (d) If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Arizona Corporation Commission. The address of the Commission is as follows:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

- (5) Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this tariff will be prorated to the number of days or major fraction of days based on a thirty (30) day month.
- (6) The Company will, upon request, furnish within thirty (30) days of a request at no charge to the customer such detailed information as may reasonably be required for verification of any bill.
- (7) When a rate as set forth in this tariff is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).

B. Minimum Periods

The minimum periods for which services are provided and for which rates and charges are applicable is one (1) month, except as otherwise specified.

C. Cancellation of an Order for Service

Provisions for the cancellation of an order for service are set forth in Section 6.C

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

D. Credit Allowance for Service Interruptions

(1) General

A service is interrupted when it becomes unusable to the customer because of a failure of a facility component used to furnish service under this tariff or in the event that the protective controls applied by the Company result in the complete loss of service by the customer as set forth in 6.5.1 following. An interruption period starts when an inoperative service is reported to the Company, or when the Company becomes aware of the service interruption, and ends when the service is operative.

(2) When a Credit Allowance Applies

In case of an interruption to any service, allowance for the period of interruption, if not due to the negligence of the customer, shall be as follows:

- (a) The adjustment shall be, at a minimum, a credit on the monthly bill for basic local exchange service and any associated taxes and surcharges proportional to the duration of the service interruption, with each occurrence of the loss of service for eight or more hours during the 24-hour period counting as one day. For the purpose of administering this paragraph, every month is considered to have 30 days. The customer shall be credited for an interruption of eight (8) hours or more at the rate of 1/30 of any applicable monthly rates.
- (b) The credit allowance(s) for an interruption or for a series of interruptions shall not exceed any monthly rate for the service interrupted in any one monthly billing period.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

D. Credit Allowance for Service Interruptions (Continued)

(3) When a Credit Allowance Does Not Apply

No credit allowance will be made for:

- (a) Interruptions caused by the negligence of the customer.
- (b) Interruptions of a service due to the failure of equipment or systems provided by the customer or others.
- (c) Interruptions of a service during any period in which the Company is not afforded access to the location where the service is terminated.
- (d) Interruptions of a service for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the customer. Thereafter, a credit allowance as set forth in Section 2.IV.D.2 preceding applies.
- (e) Periods when the customer continues to use the service on an impaired basis.
- (f) Periods of temporary discontinuance as set forth in 2.II.A.2 preceding.
- (g) Interruption of service caused by a customer's failure to provide notification to the Company of media-stimulated mass calling events.

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**INTRASTATE LOCAL SERVICE****SECTION 2. RULES AND REGULATIONS****IV. Payment Arrangements and Credit Allowances. (Continued)****D. Credit Allowance for Service Interruptions (Continued)****(4) Temporary Surrender of a Service**

In certain instances, the customer may be requested by the Company to surrender a service for purposes other than maintenance, testing or activity relating to a service order. If the customer consents, a credit allowance will be granted. The credit allowance will be 1/1440 of the monthly rate for each period of thirty (30) minutes or fraction thereof that the service is surrendered. In no case will the credit allowance exceed the monthly rate for the service surrendered in any one (1) monthly billing period.

**E. Title or Ownership Rights**

The payment of rates and charges by customers for the services offered under the provisions of this tariff does not assign, confer or transfer title or ownership rights to proposals or facilities developed or utilized, respectively, by the Company in the provision of such services.

**V. Denial or Discontinuance of Service****A. Disconnection Without Notice. The Company will not deny or discontinue service to a customer without prior written notice except for the following reasons:**

- (1) If a safety condition that is immediately dangerous or hazardous to life, physical safety, or property exists;
- (2) Upon order by an appropriate court, the Commission, or any other duly authorized public authority; or
- (3) If service, having already been properly discontinued, has been restored by someone not authorized by the company and the original cause for discontinuance has not been cured.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

V. Denial or Discontinuance of Service (Continued)

A. Disconnection Without Notice (Continued)

- (4) Violation of any Commission rule or effective Tariff that may adversely affect the safety of any person or the integrity of the provider's service.
- (5) Failure to comply with municipal ordinances or other laws pertaining to telecommunications service that may adversely affect the safety of any person or the integrity of the provider's service.
- (6) Failure of the customer to permit the provider reasonable access to its facilities or equipment.
- (7) Customer equipment is non-compliant with Federal Communication Commission equipment specifications thereby causing or contributing to Service interruptions, malfunctions, or unusual or excessive Service maintenance requirements.
- (8) The customer obtained service by subterfuge. Subterfuge includes, without limitation:  
Obtaining service in another person's name with the intent to avoid outstanding charges; or  
Applying for new service at a location:
  - (a) where a person has outstanding charges for jurisdictional service including outstanding charges for any associated taxes and surcharges; and
  - (b) where such person continues to reside.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

V. Denial or Discontinuance of Service (Continued)

B. Disconnection with Notice

The Company may temporarily suspend or permanently discontinue service and may sever the connection and remove any of its equipment from the customer's premises after at least 5 days written notice only for one of the following reasons:

- (1) Non-payment of any past due bill for service and any associated taxes and surcharges. Solely for the purposes of this paragraph, a bill is past due if not paid within 30 days of the due date which must be at least 15 days after the billing date.
- (2) If the Company determines service was obtained fraudulently or without the authorization of the provider or is being used for, or suspected of being used for, fraudulent purposes.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

VI. Restoration of Service

The use and restoration of service in emergencies may be in accordance with part 64, Subpart D of the Federal Communications Commission's Rules and Regulations which specifies the priority system for such activities.

When a customer's service has been disconnected in accordance with this Tariff and the service has been terminated through the completion of a Company service order, service will be restored only upon the basis of application for new service. A customer whose service has been discontinued for failure to establish credit or for nonpayment of bills will be required to pay the unpaid balance due Company before service is restored. Whenever service has been discontinued for fraudulent or other unlawful use, Company may, before restoring service, require the customer to make, at its own expense, all changes in facilities or equipment necessary to eliminate such fraudulent or otherwise unlawful uses and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

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INTRASTATE LOCAL SERVICE

SECTION 3. DEFINITIONS

Certain terms used generally throughout this tariff for the Access Services of the Company are defined below.

Access Code: A uniform five or seven digit code assigned by the Company to an individual customer. The five digit code has the form 10XXX, and the seven digit code has the form 101XXXX.

Bit: The smallest unit of information in the binary system of notation.

Carrier or Common Carrier: See Exchange Carrier.

Company: Onvoy, Inc., which is the issuer of this tariff.

Customer: The person, firm, corporation or other entity which orders Service, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Duplex Service: Service which provides for simultaneous transmission in both directions.

End User: An End User is any customer of a telecommunications services from this tariff and is not a carrier.

Exchange Carrier: Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

Interexchange Carrier (IXC) or Interexchange Common Carrier: Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in state or foreign communication for hire by wire or radio, between two or more exchanges.

Kbps: Kilobits, or thousands of bits, per second.

LATA: A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services.

Local Access: The connection between a customer's premises and a point of presence of the Exchange Carrier.

Local Switching Center: The switching center where telephone exchange service customer station Channels are terminated for purposes of interconnection to each other and to interoffice Trunks.

Mbps: Megabits, or millions of Bits, per second.

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**INTRASTATE LOCAL SERVICE****SECTION 3. DEFINITIONS**

**Non-Recurring Charges (NRC):** The one-time initial charges for services or facilities, including but not limited to, charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

**Premises:** The space occupied by a Customer in a building or buildings or on contiguous property (except railroad rights-of-way, etc.).

**Presubscription:** An arrangement whereby an End User may select and designate to the Company an Interexchange Carrier (IXC) or Carriers it wishes to access, without an Access Code, for completing both intraLATA toll calls and/or interLATA calls. The selected IXC (s) are referred to as the End-User's Primary Interexchange Carrier (PIC). The End User may select any IXC that orders FGD Switched Access Service at the Local Switching Center that serves the End User.

**Recurring Charges:** The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

**Service Commencement Date:** For Local Service the first day following the date on which the Company notifies the Customer that the requested service or facility is available for use. Unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date. If the Company does not have an executed Service Order from a Customer, the Service Commencement Date will be the first date on which the service or facility was used by the customer.

**Service Order:** The written request for Local Services executed by the Customer and the Company in a format devised by the Company. The signing of a Service Order by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

**Service(s):** The Company's Local Services offered on the Company's Network.

**Trunk:** A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

**Wire Center:** buildings in which central offices, used for the provision of Local Exchange services, are located.

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**INTRASTATE LOCAL SERVICE**

**SECTION 4. EXCHANGE AREA**

**I. List of Exchanges**

The Company offers service in and incorporates by reference the exchange maps included in the Qwest Communications Company, LLC, d/b/a CenturyLink QCC Arizona local tariff.

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**INTRASTATE LOCAL SERVICE****SECTION 5 – PRIVATE LINE SERVICES****I. Integrated Services Digital Network (ISDN)****A. Description of Service**

- (1) Integrated Services Digital Network (ISDN) is a digital standard that provides an integrated voice or data capability to the customer premises facility, utilizing the public switched telephone network. ISDN delivers voice, data and video by two standard methods of access. Primary Rate Interface (PRI) Service and Basic Rate Interface Service (BRS). The Company will only provide Primary Rate Interface service.
- (2) PRI service has a capacity of 1.544 megabits per second (Mbps) and has multiple channels: 23 B-channels, and one D-Channel, and is also known as 23 B+D access. The 64-Kbps B-channels carry user information such as voice calls, circuit-switched data or video while the D-channel carries the call-control signaling information. The B-channels may be provisioned on the same facility as the D-channel or on other PRI T1 facilities. Each B-channel is dedicated to inward, outward or 2-way traffic. The customer may use CPE to bond together 64 Kbps B-channels for the transmission of circuit-switched data or video.
- (3) Directory Numbers: Primary Directory Number - A single telephone directory number is provided with each PRI service ordered.
- (4) Directory Listings: One primary directory listing is provided per PRI service per customer.
- (5) Emergency 911 services will be provided for all voice calls on PRI service.

**B. Protection of the Network**

- (1) PRI service is furnished subject to central office availability and capacity, the availability of outside plant facilities, and the necessary central office billing capabilities.

In the event customer equipment meets required specifications, but causes interference with current or future services, the Company reserves the right to notify the customer and modify the service to eliminate the interference or disconnect the service. In such case, termination charges do not apply.

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INTRASTATE LOCAL SERVICE

SECTION 5 – PRIVATE LINE SERVICES

I. Integrated Services Digital Network (ISDN) (Continued)

B. Protection of the Network (Continued)

- (2) Upon notification by the Company that unauthorized transmissions are due to customer equipment or facilities, the customer or customer's authorized agent will correct the situation on an expeditious basis or service will be disconnected by the Company to protect the network. THE COMPANY DISCLAIMS LIABILITY FOR LOSSES WHICH MIGHT BE INCURRED AS A RESULT OF DISCONNECTING THE SERVICE AND DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. With respect to such equipment or service, the Company shall not be liable for any incidental or consequential damages, including, but not limited to any loss, or damage, arising out of customer's use of or inability to use the service or equipment, whether said use is in combination with other services or equipment, or separate from them.
  
- (3) The Company maintains the right and option to check the output of any equipment used in the transmission of signals to or from the Customer premises for this service. This includes the Company provided facilities or other facilities used in conjunction with provision of PRI service such as CPE.
  
- (4) The Company anticipates the use of other technologies to provide this service as they are developed. As other technologies are introduced, the interface specifications will be disclosed as required.

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INTRASTATE LOCAL SERVICE

SECTION 5 – PRIVATE LINE SERVICES

I. Integrated Services Digital Network (ISDN) (Continued)

C. Availability, Installation and Maintenance

- (1) The availability and functionality of PRI service capabilities may vary, or may not be available, dependent upon the type of central office switching system, related software controlling that switch, hardware and outside plant.
- (2) The Company will furnish all installation and maintenance labor required to install, maintain and test the service from the Demarcation Point on the customer's property to the central office. The customer or property owner will be responsible for installation, maintenance, and testing of all wire and cable facilities and CPE on the customer side of the Demarcation Point. At the customer's option, the Company will provide installation, maintenance and testing as part of their non-regulated business.
- (3) If there are any changes in inside wiring which require the Company to redesign the PRI service capability, the customer shall reimburse the Company for all cost incurred by the Company in making such a change. Should PRI service capability fail due to inside wiring not owned by the Company, or CPE, or power failure, the responsibility for failure shall be solely that of the customer and the Company shall not be liable.
- (4) If PRI service should experience interruption, disconnection, error, performance failure, or some other out-of-service condition and last for more than 8 consecutive hours after the customer gives the Company notice of such out-of-service condition, except for problems caused by the customer's action, inside wiring, interface, customer premise power outage, and/or CPE, an out-of-service credit will be applied to the customer's bill. See Rules and Regulations, Interruptions to Service.

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INTRASTATE LOCAL SERVICE

SECTION 5 – PRIVATE LINE SERVICES

I. Integrated Services Digital Network (ISDN) (Continued)

D. Circuit Switching Feature Descriptions

- (1) Circuit Switched Services is an arrangement which provides the ability to originate and receive circuit-switched voice and/or data calls over 64 Kbps B channels. The customer may choose among the following Circuit-Switched features based upon application needs:
- (2) Clear Channel Capability – A characteristic of the transmission path on the B channels that allow the full bandwidth of 64 Kbps to be available to the customer. Through the CPE, it is also possible to bond multiple B channels together to achieve greater bandwidth speeds.

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INTRASTATE LOCAL SERVICESECTION 5 – PRIVATE LINE SERVICES1. Integrated Services Digital Network (ISDN) (Continued)E. Service Arrangements

## (1) Voice/Data PRI (with DID)

A Voice/Data PRI with Direct Inward Dialing (DID) have 3 elements: the T-1, the Service Configuration, and a 2-way trunk/DID. This service configuration provides 23 B-channels and 1 D-channel. The B-channels carry user information such as voice calls, circuit-switched data or video. The D-channel handles signaling information.

## (2) Data PRI 23B+D

This service configuration provides for 23 B-channels and 1 D-channel. The B-channels carry user information such as voice calls, circuit-switched data, or video while the D - channel handles signaling information.

## (3) Data PRI 24B

This service configuration provides for 24 channels. The B-channels carry user information such as voice calls, circuit-switched data, or video. The signaling information is provided by a D-Channel on the first T1 facility.

F. Direct Inward Dialing (DID)

(1) The Company will assign line numbers for direct inward dialing in blocks of numbers. When additional numbers are required, they will be made available as soon as the Company has equipment/numbers available for this purpose. The Company does not guarantee that line numbers will be made available in all cases.

(2) DID is an optional feature which can be purchased in conjunction with the Company's PRI Service. DID service transmits the dialed digits for all incoming calls allowing the Customer's equipment to route the incoming calls directly to individual stations corresponding to each individual number.

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INTRASTATE LOCAL SERVICESECTION 5 – PRIVATE LINE SERVICESI. Integrated Services Digital Network (ISDN) (Continued)G. Rates and Charges

- (1) Following are the monthly rate and nonrecurring charges for PRI service based on a one year contract:

	<u>Monthly Rate</u>	<u>Non-Recurring Rate</u>
1 Year Commitment		
Service Configuration:		
a. Voice/Data PRI (with DID)	\$675.00	\$500.00
b. Data PRI 23B+D	\$675.00	\$500.00
c. Data PRI 24B	\$675.00	\$500.00
 DID Number charges:		
Group of 20 line numbers assigned	\$3.50	\$10.00

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INTRASTATE LOCAL SERVICESECTION 6 SPECIAL ARRANGEMENTSI. Special ConstructionA. Basis for Charges:

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company and may include:

- (1) non-recurring type charges
- (2) recurring type charges
- (3) termination liabilities; or
- (4) some combination thereof.

B. Basis for Cost Computation

The costs referred to in 6.A preceding may include one or more of the following items to the extent they are applicable:

- (1) Cost installed of the facilities to be provided included estimated costs for the rearrangements of existing facilities. Cost installed includes the cost of
  - a. Equipment and materials provided or used
  - b. Engineering, labor and supervision
  - c. Transportation, and
  - d. Rights of ways;
- (2) Cost of maintenance
- (3) Depreciation on the estimated cost installed of any facilities provided, based on anticipated useful life of the facilities with an appropriate allowance for the estimated net salvage;
- (4) Administration, taxes and uncollectible revenue on the basis of reasonable average costs for these items;
- (5) License preparation, processing and related fees;

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**INTRASTATE LOCAL SERVICE****SECTION 6 SPECIAL ARRANGEMENTS****I. Special Construction (Continued)****B Basis for Cost Computation (Continued)**

- (6) Tariff preparation, processing and related fees;
- (7) Any other identifiable costs related to the facilities provided; or
- (8) An amount for return and contingencies.

**C. Termination Liability**

To the extent that there is no other requirement for use by the Company, termination liability may apply for facilities specially constructed at the request of the Customer. The termination liability period is the estimated service life of the facilities provided.

The amount of the maximum termination liability is equal to the estimated amounts for: cost installed of the facilities provided including estimated cost for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Costs installed include the costs of: equipment and materials provided or used; engineering, labor, supervision, transportation, and rights of way. Other costs include: license preparation, processing; tariff preparation and processing, cost of removal and restoration, and any other related fees or identifiable costs related to specially constructed or rearranged facilities.

The applicable termination liability method for calculating the unpaid balance of a term obligation is: the sum of the amounts determined as set forth above, multiplied by a factor related to the unexpired period of liability, multiplied by the discount rate of return and contingencies. The amount determined shall be adjusted to reflect the predetermined estimated net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

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INTRASTATE LOCAL SERVICE

SECTION 6 SPECIAL ARRANGEMENTS

I. Special Construction (Continued)

D. Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case by case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

If the Company and a Customer enter in an ICB arrangement, the ICB arrangement may provide the Customer or Company with certain rights to terminate the arrangement. If the Customer or the Company exercises such a termination right, then upon the effective date of termination, the ICB rates will no longer apply.

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**ATTACHMENT B-2**

**Proposed Access Tariff**

**ONVOY, INC.**

**ACCESS SERVICES TARIFF**

**Regulations and Schedule of Intrastate Access Rates**

This tariff ("Tariff") contains the descriptions, regulations, and rates applicable to the furnishing of intrastate switched access services offered by Onvoy, Inc. to Customers located within the State of Arizona. This Tariff is on file with the Arizona Corporation Commission.

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CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

PARTICIPATING CARRIERS

None

REGISTERED SERVICE MARKS

None

REGISTERED TRADEMARKS

None

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EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- C - To signify changed regulation.
- D - To signify discontinued rate or regulation.
- I - To signify increased rate.
- M - To signify a move in the location of text.
- N - To signify new rate or regulation.
- R - To signify reduced rate.
- S - To signify reissued matter.
- T - To signify a change in text but no change in rate or regulation.

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SECTION 1 - APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of competitive Intrastate switched access and special access services within Arizona by Onvoy, Inc. (hereinafter the Company).

This Tariff does not apply to carriers with whom the Company has a written agreement for different intercarrier compensation.

BY UTILIZING THE EXCHANGE ACCESS SERVICES SET FORTH IN THIS TARIFF, CARRIERS ARE DEEMED TO HAVE CONSTRUCTIVELY ORDERED SERVICE AS CUSTOMERS, AND AGREE TO THE SERVICE RATES, CHARGES, TERMS, AND CONDITIONS AS SET FORTH HEREIN.

This Tariff applies only to the extent that facilities are available and services provided hereunder are used by a Customer for the purpose of originating or terminating intrastate communications.

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**SECTION 2. GENERAL REGULATIONS**

**I. Undertaking of the Company**

**A. Scope**

- (1) The Company shall be responsible only for the installation, operation and maintenance of the services it provides.
- (2) The Company will, for maintenance purposes, test its services only to the extent necessary to detect and/or clear troubles.
- (3) The Company will provide services subject to the availability of facilities. The Company reserves the right to limit the length of communications or to discontinue furnishing services when necessary because of the lack of transmission medium capacity or because of any causes beyond its control.
- (4) When and where facilities are so available, the Company will provide services 24 hours daily, seven days per week, except as set forth in other applicable sections of this tariff. Service is provided on the basis of a minimum period of at least one month, 24-hours per day, unless otherwise deemed Incidental Service. For the purpose of computing charges in this Tariff, a month is considered to have 30 days.
- (5) The Company does not warrant that its facilities and services meet standards other than those set forth in this tariff.

**B. Limitations**

- (1) The Customer may not assign or transfer the use of services provided under this tariff; however, where there is no interruption of use or relocation of the services, such assignment or transfer may be made to:
  - (a) another Customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such services, and the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or

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**SECTION 2. GENERAL REGULATIONS**

**I. Undertaking of the Company (Continued)**

**B. Limitations (Continued)**

**(1) (Continued)**

- (b) court-appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.

In all cases of assignment or transfer, the written acknowledgment of the Company is required prior to such assignment or transfer which acknowledgment shall be made within fifteen (15) days from the receipt of notification. All regulations and conditions contained in this tariff shall apply to such assignee or transferee.

The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

- (2) The use and restoration of services shall be in accordance with Part 64, Subpart D or the Federal Communications Commission's Rules and Regulations, which specifies the priority system for such activities.

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**SECTION 2. GENERAL REGULATIONS**

**I. Undertaking of the Company (Continued)**

**B. Limitations (Continued)**

- (3) Subject to compliance with the limitations in this Section 2.I.B, the services offered herein will be provided to Customers on a first-come, first-served basis. First-come, first-served shall be based upon the received time and date stamped by the Company on Customer orders which contain the information as required for each respective service as delineated in other sections of this tariff. Customer orders shall not be deemed to have been received until such information is provided. Should questions arise which preclude order issuance due to missing information or the need for clarification, the Company will attempt to seek such missing information or clarification on a verbal basis.

**C. Liability**

- (1) With respect to any claim or suit, by a Customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of service, and subject to the provisions of this Section 2.I.C, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this tariff as a Credit Allowance for a Service interruption.

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**SECTION 2. GENERAL REGULATIONS**

**I. Undertaking of the Company (Continued)**

**C. Liability (Continued)**

- (2) The Company shall not be liable for any act or omission of any other carrier or Customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or Customer providing a portion of a service.
- (3) Reserved for Future Use
- (4) The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from its use of services offered under this tariff, involving:
  - (a) Claims for libel, slander, invasion of privacy, or infringement of patents, trade secrets, or copyrights arising from any communications;
  - (b) Claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by the Customer; or
  - (c) All other claims arising out of any act or omission of the Customer in the course of using services provided pursuant to this tariff.
- (5) The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer from any and all claims, loss, demands, suits, or other actions, or any liability whatsoever, including attorney fees, whether suffered, made, instituted or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence condition, location, use or removal by any person relating to the Customer's use of services so provided.

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**SECTION 2. GENERAL REGULATIONS**

**I. Undertaking of the Company (Continued)**

**C. Liability (Continued)**

- (6) No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this tariff. The Company will defend the Customer against claims of patent infringement arising solely from the use by the Customer of services offered under this tariff and will indemnify such Customer for any damages awarded based solely on such claims.
- (7) The Company's failure to provide or maintain services under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, criminal actions taken against the Company, acts of God and other circumstances beyond the Company's reasonable control, subject to the Credit Allowance for a Service Interruption as set forth in Section 2.IV.D following.

**D. Provision of Services**

The services offered under the provisions of this tariff are subject to the availability of facilities. The Company, to the extent that such services are or can be made available with reasonable effort, will provide to the Customer, upon reasonable notice, services offered in other applicable sections of this tariff at rates and charges specified therein.

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**SECTION 2. GENERAL REGULATIONS****I. Undertaking of the Company (Continued)****E. Installation and Termination of Services**

The Intrastate Access Service provided under this tariff (1) includes the Company's communication facilities up to the point of interconnection as defined in Section 5 following which denotes the demarcation point or network interface and (2) will be provided by the Company to such point of interconnection. Any additional terminations at the Customer's premises beyond such point of interconnection are the sole responsibility of the Customer.

**F. Service Maintenance**

The services provided under this tariff shall be maintained by the Company. The Customer or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

**G. Changes and Substitutions**

Except as provided for equipment and systems subject to F.C.C. Part 68 Regulations at 47 C.F.R. Section 68.110(b), the Company may, where such action is reasonably required in the operation of its business, (1) substitute, change or rearrange any facilities used in providing service under this tariff, (2) change minimum protection criteria, (3) change operating or maintenance characteristics of facilities or (4) change operations or procedures of the Company. In case of any such substitution, change or rearrangement, the transmission parameters will be within the ranges set forth in Sections 4 and 5 following. The Company shall not be responsible if any such substitution, change or rearrangement renders any Customer furnished services obsolete or requires modification or alteration thereof or otherwise affects their use or performance.

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SECTION 2. GENERAL REGULATIONS

I. Undertaking of the Company (Continued)

G. Changes and Substitutions (Continued)

If such substitution, change or rearrangement materially affects the operating characteristics of the facility, the Company will provide reasonable notification to the Customer in writing. Reasonable time will be allowed for any redesign and implementation required by the change in operating characteristics. The Company will work cooperatively with the Customer to determine reasonable notification procedures.

H. Refusal and Discontinuance of Service

- (1) If the Customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty (30) days written notice by Certified U.S. Mail to the person designated by the Customer to receive such notices of noncompliance, refuse additional applications for service and/or refuse to complete any pending orders for service at any time thereafter. If the Company does not refuse additional applications for service on the date specified in the thirty (30) days' notice, and the Customer's noncompliance continues, nothing contained herein shall preclude the Company's right to refuse additional applications for service without further notice to the non-complying Customer.

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SECTION 2. GENERAL REGULATIONS

I. Undertaking of the Company (Continued)

H. Refusal and Discontinuance of Service (Continued)

- (2) If the Customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on thirty (30) days written notice by Certified U.S. Mail to the person designated by the Customer to receive such notices of noncompliance, discontinue the provision of the services involved at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the thirty (30) days' notice, and the Customer's noncompliance continues nothing contained herein shall preclude the Company's right to discontinue the provision of the services involved without further notice to the noncomplying Customer.

I. Notification of Service-Affecting Activities

The Company will provide the Customer timely notification of service-affecting activities that may occur during the normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements, routine preventative maintenance and major switching machine change-out. Generally, such activities are not individual Customer service specific; they affect many Customer services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the Customer may not be possible.

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SECTION 2. GENERAL REGULATIONS

I. Undertaking of the Company (Continued)

J. Coordination with Respect to Network Contingencies

The Company intends to work cooperatively with the Customer to develop network contingency plans in order to maintain maximum network capability following natural or man-made disasters which affect telecommunications services, subject to the Restoration Priority requirements of Part 64 of the F.C.C.'s Rules.

K. Provision and Ownership of Telephone Numbers

The Company reserves the reasonable right to assign, designate or change telephone numbers or the serving central office prefixes associated with such numbers when necessary in the conduct of its business. Should it become necessary to make a change in such number(s), the Company will furnish to the Customer six (6) months' notice, by Certified U.S. Mail, of the effective date and an explanation of the reason (s) for such change(s). In the case of emergency conditions, however, e.g., a fire in a wire center, it may be necessary to change a telephone number without six (6) months' notice in order to provide service to the Customer.

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**SECTION 2. GENERAL REGULATIONS**

**II. Use**

**A. Interference or Impairment**

- (1) The characteristics and methods of operation of any circuits, facilities or equipment provided by other than the Company and associated with the facilities utilized to provide services under this tariff shall not interfere with or impair service over any facilities of the Company or its affiliates; cause damage to their plant; impair the privacy of any communications carried over their facilities, or, create hazards to the employees of any of them or the public.
- (2) Except as provided for equipment or systems subject to the F.C.C. Part 68 Rules in 47 C.F.R. Section 68.108, if such characteristics or methods of operation are not in accordance with Section 2.II.A.1 preceding, the Company will, where practicable, notify the Customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Company's right to temporarily discontinue forthwith the use of a service if such action is reasonable under the circumstances. In case of such temporary discontinuance, the Customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions, as set forth in 2.IV.D following, is not applicable.

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**SECTION 2. GENERAL REGULATIONS**

**II. Use (Continued)**

**B. Unlawful Use**

The Service provided under this Tariff shall not be used for an unlawful purpose or for any use for which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.

The Company may require applicants for service who intend to use the Company's Service for resale and/or shared use to file a letter with the Company confirming that their use of the Company's Service complies with relevant laws and regulations, policies, orders and decisions.

The Company may require a Customer to immediately shut down its transmission if such transmission is causing interference to others.

A Customer, joint user, or authorized user may not assign, or transfer in any manner, the Service or any rights associated with the Service without the written consent of the Company. The Company will permit a Customer to transfer its existing Service to another entity if the existing Customer has paid all charges owed to the Company for regulated access Services. Such a transfer will be treated as a disconnection of existing Service and installation of new Service, and non-recurring installation charges as stated in this Tariff will apply.

The Customer is responsible for the payment of all charges for unlawfully utilized facilities and Services furnished by the Company to the Customer.

**III. Obligations of the Customer**

**A. Damages**

The Customer shall reimburse the Company for damages to the Company facilities utilized to provide services under this tariff caused by the negligence or willful act of the Customer, or resulting from improper use of the Company facilities, or due to malfunction of any facilities or equipment provided for or by the Customer. Nothing in the foregoing provision shall be interpreted to hold one Customer liable for another Customer's actions. The Company will, upon reimbursement for damages, cooperate with the Customer in prosecuting a claim against the person causing such damage and the Customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

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**SECTION 2. GENERAL REGULATIONS****III. Obligations of the Customer (Continued)****B. Ownership or Control of Facilities and Theft**

Facilities owned or leased by the Company and utilized by it to provide service under the provisions of this tariff shall remain the property of the Company. Such facilities shall be returned to the Company by the Customer in as good a condition as reasonable wear will permit.

**C. Availability for Testing**

The facilities provided under this tariff shall be available to the Company at times mutually agreed upon in order to permit the Company to make tests and adjustments appropriate for maintaining the services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. No credit will be allowed for any interruptions involved during such tests and adjustments.

**D. Balance**

All signals for transmission over the services provided under this tariff shall be delivered by the Customer balanced to ground except for ground start, duplex (DX) and McCulloh-Loop (Alarm System) type signaling and dc telegraph transmission at speeds of 75 baud or less.

**E. Design of Customer Services**

Subject to the provisions of 2.I.G preceding, the Customer shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Company, minimum protection criteria or operating or maintenance characteristics of the facilities.

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**SECTION 2. GENERAL REGULATIONS**

**III. Obligations of the Customer (Continued)**

**F. Claims and Demands for Damages**

- (1) With respect to claims of patent infringement made by third persons, the Customer shall defend, indemnify, protect, and save harmless the Company from and against all claims arising out of the combining with, or use in connection with, the services provided under this tariff, or any circuit, apparatus, system or method provided by the Customer.
- (2) The Customer shall defend, indemnify, and save harmless the Company from and against suits, claims, losses or damages including punitive damages, attorneys' fees and court costs by third persons arising out of the construction, installation, operation, maintenance, or removal of the Customer's circuits, facilities, or equipment connected to the Company's services provided under this tariff, including, without limitation, Workmen's Compensation claims, actions for infringement of copyright and/or unauthorized use of program material, libel and slander actions based on the content of communications transmitted over the Customer's circuits, facilities or equipment, and proceedings to recover taxes, fines, or penalties for failure of the Customer to obtain or maintain in effect any necessary certificates, permits, licenses, or other authority to acquire or operate the services provided under this tariff.
- (3) The Customer shall defend, indemnify, and save harmless the Company from and against any suits, claims, losses or damages, including punitive damages, attorneys, fees and court costs by the Customer or third parties arising out of any act or omission of the Customer in the course of using services provided under this tariff.

**G. Coordination with Respect to Network Contingencies**

The Customer shall, in cooperation with the Company, coordinate in planning the actions to be taken to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

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**SECTION 2. GENERAL REGULATIONS****III. Obligations of the Customer (Continued)****H. Jurisdictional Report Requirements**

- (1) In this section the term "trunk group" shall be assumed to also represent a single line or trunk.
- (2) Reporting by the Customer of the expected jurisdictional use of services is required because the Company cannot determine the actual jurisdiction of the Customer's usage from every type of call detail reporting. The information reported by the Customer will be used by the Company in an effort to determine the appropriate charges as set forth in Section 5. The Customer must always report this information for those services or portions of services for which actual jurisdiction use cannot be determined by the Company.
- (3) Pursuant to Federal Communications Commission order FCC 85-145 released April 16, 1985, Interstate usage is to be developed as though every call that enters a Customer network at a point within the same state as that in which the called station (as designated by the called station number) is situated is an Intrastate communication and every call for which the point of entry is in a state other than where the called station (as designated by the called station number) is situated is Interstate in nature.
- (4) When a Customer orders a new Switched Access Service, the Customer shall, in its order, state the proportion of the service which is to be provided for Interstate use. This proportion is the Percent for Interstate Use or PIU. The Customer can either specify one general PIU for the service usage or the Customer can specify an 8XX terminating PIU and a residual. PIU. All PIUs shall be stated as whole numbers percentages. If the Customer chooses to report one general Percent for Interstate Use, then the general PIU will be the Customer's best estimate of the percentage of the total use of the trunk group that will be Interstate in nature.

If the Customer chooses to provide a separate 8XX originating PIU, that PIU will be the Customer's best estimate of the percentage of the total 8XX originating use of the trunk group usage that will be Interstate in nature. The residual PIU would then be the Customer's best estimate of the percentage of the total trunk group usage that will not be 8XX originating usage and will be Interstate in nature.

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**SECTION 2. GENERAL REGULATIONS****III. Obligations of the Customer (Continued)****H. Jurisdictional Report Requirements (Continued)**

The reported Percentage(s) for Interstate Use PIU(s) will be used in the determination of all Interstate and Intrastate charges for the trunk group, as set forth in Section 5 following, as well as for the associated charges for transport and port charges. The PIU(s) remains in effect until it is superseded by a revised PIU(s).

When the Customer determines that any currently effective PIU(s) for one or more trunk groups is no longer accurate, the Customer shall report a revised PIU(s) for each trunk group. The Customer can report the new PIU(s) to the Company in writing. The report must clearly identify each trunk group, the account number under which it is billed, and both the current and revised PIU(s). The revised PIU(s) will become effective on the first day of the next monthly billing period that begins at least 15 business days after the day on which the Customer reports the revised PIU(s) to the Company. No revisions to bills proceeding the effective date of the revised PIU(s) will be made based on this report.

If no PIU is submitted as specified herein, then the PIU will be set on a default basis of 50 percent Interstate traffic and 50 percent Intrastate traffic.

The Company will charge the Interstate terminating switched access rates to the Customers for those minutes lacking jurisdictional information that are in excess of a reasonable percentage (7%) of minutes for which this information is not transmitted. For example, if 40% of a Customer's minutes sent to the Company do not contain sufficient originating information to allow the Company to determine the originating location, the Company would apply these provisions to those minutes exceeding the 7% floor, or 33% in this example.

- (5) The Customer shall keep sufficient detail from which the percentage of Interstate use can be ascertained and upon request of the Company make the records available for inspection. Such a request will be initiated by the Company no more than once per year. The Customer shall supply the data within thirty (30) calendar days of the Company's request.

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**SECTION 2. GENERAL REGULATIONS****III. Obligations of the Customer (Continued)****I. Traffic Information**

- (1) Customer shall provide Signaling Data (as defined below) and shall not, directly or indirectly, including in concert with a third party, strip, alter, modify, add, delete, change, mask, manipulate, or incorrectly assign any Signaling Data. Signaling Data shall mean information sufficient to jurisdictionalize traffic. Except where technically infeasible or prohibited by law, Signaling Data may include: (a) information that accurately reflects the geographic location of the end user that originated and/or dialed the call, (b) calling party number as defined in 47 C.F.R. Section 64.1600(c) ("CPN"), (c) Automatic Number Identification as defined in 47 C.F.R. Section 64.1600(b) ("ANI"), (d) Charge Number as defined in 47 C.F.R. Section 64.1600(d), (e) Jurisdictional Indicator Parameter ("JIP") and (f) any other signaling data that affects the terminating Party's ability to jurisdictionalize traffic. If it is determined that Customer has: directly or indirectly make any such addition, deletion, change, mask, manipulation, alteration, modification, or incorrect assignment, or (b) intentionally or unintentionally failed to provide any Signaling Data, all of Customer's traffic, including prior traffic, will be re-rated to the highest rate. Upon request, the Company will provide to Customer available Signaling Data for traffic terminated to Customer.

Where SS7 connections exist, Customer will include the original and true Line Information, including the Calling Party Number (CPN), in the information transmitted to the Company for each call. If the Customer is passing Line Information but the Company is not properly receiving information, the parties will work cooperatively to correct the problem.

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**SECTION 2. GENERAL REGULATIONS**

**III. Obligations of the Customer (Continued)**

**J. Exchange of Traffic and Information**

- (1) All facilities interconnected to the Company by Customer shall be two-way in nature, unless agreed in writing by the Company. Customer shall accept both originating and terminating from the Company. At all times, Customer shall provide facilities within its network that are necessary for routing, transporting, measuring, and billing of traffic originated by other Customers of the Company and for delivering traffic to the Company for termination to other carriers. Customer shall transmit traffic in the standard format compatible with the Company's network as referenced in Telecordia BOC Notes on LEC Network Practice No. SR-TSV-002275, and terminate the traffic it receives in that standard format to proper address on its network. Customer shall exercise best efforts in responding to requests by the Company to install additional facilities and capacity with the Customer to accommodate traffic volumes and maintain the highest network quality standards. Customer agrees that the Company may share certain Customer information with other Customers of the Company for the purpose of providing service.

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**SECTION 2. GENERAL REGULATIONS****III. Obligations of the Customer (Continued)****K Determination of InterMTA and IntraMTA Traffic**

- (1) CMRS provider will have the responsibility of providing, on a quarterly basis (or as otherwise agreed to by the Company), a report to the Company providing the percentage of the CMRS provider's traffic terminated to the Company that is IntraMTA or InterMTA. The report will also detail what percentage of the InterMTA traffic is Intrastate and what percentage is Interstate (PIU).
- (2) Reports regarding the percentages of IntraMTA or InterMTA traffic (and Intrastate or Interstate jurisdiction of InterMTA traffic) shall be based on reasonable traffic study conducted by the CMRS provider and available to the Company upon request. Upon reasonable written notice, the Company or its authorized representative shall have the right to conduct a review and verification of the CMRS provider's reported percentages. This includes on-site verification reviews at the CMRS provider's or vendor locations. The review may consist of an examination and verification of data involving records, systems, procedures, and other information related to the traffic originated by the CMRS provider and terminated by the Company. The Customer shall keep records of call detail, including not altering directly or indirectly with a third party call origination or termination data from which the call jurisdiction can be ascertained. The CMRS provider will provide the Company with reasonable access to such information as it is necessary to determine amounts payable under this tariff.
- (3) If the CMRS provider fails to provide the verifiable reports required under this section, the Company will apply a default percent IntraMTA of 50% and a default PIU of 50% on all such InterMTA traffic, on all traffic originated by CMRS provider for termination by the Company.

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances**

The Customer is responsible for the payment of all charges for facilities and Services furnished by the Company to the Customer.

**A. Payment of Rates, Charges and Deposits**

- (1) The Company will, in order to safeguard its interests, require a Customer which has a proven history of late payments to the Company or which does not have established credit (except for a Customer which is a successor of a company which has established credit and has no history of late payments to the Company), to make a deposit prior to or at any time after the provision of a service to the Customer. The deposit will be held by the Company as guarantee of the payment of rates and charges. Such deposit may not exceed the actual or estimated rates and charges for the service for a two-month period. The fact that a deposit has been made in no way relieves the Customer from complying with the Company's regulations as to the prompt payment of bills. At such time as the provision of the service to the Customer is terminated, the amount of the deposit will be credited to the Customer's account and any credit balance which may remain will be refunded. Deposits held for Customers will accrue interest at the rate of 6% per year (simple interest), and will be credited or paid to the Customer upon the termination of service.

At the option of the Company, such a deposit may be refunded or credited to the Customer's account when the Customer has established credit or after the Customer has established a one-year prompt payment record at any time prior to the termination of the provision of the service to the Customer.

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances (Continued)**

**A. Payment of Rates, Charges and Deposits (Continued)**

- (2) The Company shall bill on a current basis all charges incurred by, and credits due to, the Customer under this tariff attributable to services established or discontinued during the preceding billing period. In addition, the Company shall bill, in advance, charges for all services to be provided during the ensuing billing period except for charges associated with service usage which will be billed in arrears. The bill day (i.e., the billing date of a bill for a Customer for Access Service under this tariff), the period of service each bill covers and the payment date is as follows:
- (a) The Company will establish a bill day each month for each Customer account. The bill will cover non-usage sensitive service charges for the ensuing billing period for which the bill is rendered, any known unbilled non-usage sensitive charges for prior periods, and unbilled usage charges for the period after the last bill day through the current bill day. Any known unbilled usage charges for, prior periods and any known unbilled adjustments will be applied to this bill. Payment for such bills is due as set forth in (b) following. If payment is not received by the payment date, as set forth in (b) following, in immediately available funds, a late payment penalty will apply as set forth in (b) following.
  - (b) All bills dated, as set forth in (a) preceding, for service provided to the Customer by the Company, are due thirty (30) days (payment date) after the bill day or by the next bill date (i.e., same date in the following month as the bill date,) whichever is the shortest interval, except as provided herein, and are payable in immediately available funds. If the Customer does not receive a bill at least twenty (20) days prior to the thirty (30) day payment due date, then the bill shall be considered delayed. When the bill has been delayed, upon request of the Customer, the due date will be extended by the number of days the bill was delayed. Such a request of the Customer must be accompanied with proof of late bill receipt.

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SECTION 2. GENERAL REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

(2) (Continued)

(b) (Continued)

If such payment date would cause payment to be due on a Saturday, Sunday or Holiday (i.e., New Year's Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and a day when Washington's Birthday, Memorial Day or Columbus Day is legally observed) payment for such bills will be due from the Customer as follows:

If such payment date falls on a Sunday or on a Holiday which is observed on a Monday, the payment date shall be the first non-Holiday day following such Sunday or Holiday. If such payment date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-Holiday day preceding such Saturday or Holiday.

Further, if any portion of the payment is received by the Company after the payment date as set forth in (a) preceding or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor is one and one-half percent (1.5%) per month calculated on the unpaid portion of the principal balance at the time that the next invoice is generated.

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances (Continued)**

**A. Payment of Rates, Charges and Deposits (Continued)**

**(2) (Continued)**

- (c) In the event that a billing dispute concerning any charges billed to the Customer by the Company is resolved in favor of the Company, any payments withheld pending settlement of the dispute shall be subject to the late payment penalty set forth in (b) preceding.
- (d) If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Arizona Corporation Commission. The address of the Commission is as follows:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances (Continued)**

**A. Payment of Rates, Charges and Deposits (Continued)**

- (3) Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this tariff will be prorated to the number of days or major fraction of days based on a thirty (30) day month.
- (4) The Company will, upon request, furnish within thirty (30) days of a request at no charge to the Customer such detailed information as may reasonably be required for verification of any bill.
- (5) When a rate as set forth in this tariff is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances (Continued)**

**B. Minimum Periods**

The minimum periods for which services are provided and for which rates and charges are applicable is one (1) month, except as otherwise specified.

**C. Cancellation of an Order for Service**

Provisions for the cancellation of an order for service are set forth in Section 6.II.E.

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SECTION 2. GENERAL REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

D. Credit Allowance for Service Interruptions

(1) General

A service is interrupted when it becomes unusable to the Customer because of a failure of a facility component used to furnish service under this tariff or in the event that the protective controls applied by the Company result in the complete loss of service by the Customer as set forth in 5.III.A following. An interruption period starts when an inoperative service is reported to the Company, or when the Company becomes aware of the service interruption, and ends when the service is operative.

(2) When a Credit Allowance Applies

In case of an interruption to any service, allowance for the period of interruption, if not due to the negligence of the Customer, shall be as follows:

- (a) For Switched Access Service, no credit shall be allowed for an interruption of less than eight (8) hours. The Customer shall be credited for an interruption of eight hours during a continuous twenty-four (24) hours or more at the rate of 1/30 of any applicable monthly rates
- (b) The credit allowance(s) for an interruption or for a series of interruptions shall not exceed any monthly rate for the service interrupted in any one monthly billing period.

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SECTION 2. GENERAL REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

D. Credit Allowance for Service Interruptions

(3) When a Credit Allowance Does Not Apply

No credit allowance will be made for:

- (a) Interruptions caused by the negligence or noncompliance with the provisions of this tariff by any person or entity other than the Company, including but not limited to the Customer or other common carriers connected to the service of the Company
- (b) Interruptions of a service due to the failure of equipment or systems or services provided by the Customer or others.
- (c) Interruptions of a service during any period in which the Company is not afforded access to the location where the service is terminated.
- (d) Interruptions of a service for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the Customer. Thereafter, a credit allowance as set forth in Section 2.IV.D.2 preceding applies.
- (e) Periods when the Customer continues to use the service on an impaired basis.
- (f) Periods of temporary discontinuance as set forth in 2.II.A.2 preceding.
- (g) Interruption of service caused by a Customer's failure to provide notification to the Company of media-stimulated mass calling events.
- (d) Interruption of service due to the Company following a lawful order of a government agency to discontinue a service to a Customer.

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**SECTION 2. GENERAL REGULATIONS**

**IV. Payment Arrangements and Credit Allowances (Continued)**

**D. Credit Allowance for Service Interruptions**

(4) Reserved for Future Use

(5) Temporary Surrender of a Service

In certain instances, the Customer may be requested by the Company to surrender a service for purposes other than maintenance, testing or activity relating to a service order. If the Customer consents, a credit allowance will be granted. The credit allowance will be 1/1440 of the monthly rate for each period of thirty (30) minutes or fraction thereof that the service is surrendered. In no case will the credit allowance exceed the monthly rate for the service surrendered in any one (1) monthly billing period.

**E. Title or Ownership Rights**

The payment of rates and charges by Customers for the services offered under the provisions of this tariff does not assign, confer or transfer title or ownership rights to proposals or facilities developed or utilized, respectively, by the Company in the provision of such services.

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**SECTION 3. DEFINITIONS**

Certain terms used generally throughout this tariff for the Access Services of the Company are defined below.

**Access Code:** A uniform five or seven digit code assigned by Neustar, Inc. (administrator of the North American Numbering Plan) to an individual Customer. The five digit code has the form 10XXX, and the seven digit code has the form 101XXXX.

**Access Service:** Switched or Special Access provided to the network of an Interexchange Carrier for the purpose of originating or terminating communications.

**Access Service Request (ASR):** The industry service order format used by Access Service Customers and access providers as agreed to by the Ordering and Billing Forum (OBF).

**Access Tandem:** A switching system that provides a concentration and distribution function for originating or terminating traffic between local switching centers and Customers' premises.

**Advance Payment:** Part or all of a payment required before the start of service.

**Automatic Number Identification:** Allows the automatic transmission of a caller's billing account telephone number to a local exchange carrier, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

**Authorized User:** A person, firm, corporation or other entity that either is authorized by the Customer to use Access Services or is placed in a position by the Customer, either through acts or omissions to use Access Services.

**Bit:** The smallest unit of information in the binary system of notation.

**Busy Hour Minutes of Capacity (BHMC):** The term "Busy Hour Minutes of Capacity (BHMC)" denotes the Customer specified maximum amount of Switched Access Service and/or Directory Assistance Service access minutes the Customer expects to be handled in an End Office during any hour in an 8:00 a.m. to 11:00 p.m. period for the Feature Group and/or Directory Assistance Services ordered. This Customer specified BHMC quantity is the input data the Company uses to determine the number of transmission paths for the Feature Group and/or Directory Assistance Service ordered.

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**SECTION 3. DEFINITIONS**

**Carrier or Common Carrier:** See Interexchange Carrier or Exchange Carrier.

**Central Office:** see End Office.

**Channel(s):** A communications path between two or more points.

**CLEC:** Competitive Local Exchange Carrier. A common carrier that was issued a Certificate of Public Convenience and Necessity after July 24, 1995 to provide telecommunications service within a specific geographic area.

**CMRS:** Commercial Mobile Radio Service – provider of mobile telephone service

**Collocation:** An arrangement whereby the Company's switching system equipment is located in the premise of another carrier.

**Commission:** The Arizona Corporation Commission.

**Common Channel Signaling (CCS):** A high speed packet switched communications network which is separate (out of band) from the public packet switched and message networks. It is used to carry addressed signaling messages for individual trunk circuits and/or database related services between signaling points in the CCS network, using SS7 protocol

**Company:** Onvoy, Inc., which is the issuer of this tariff.

**Customer:** The person, firm, corporation or other entity which uses and/or subscribes to the services offered under this tariff and is responsible for the payment of charges and for compliance with the Company's tariff regulations. The Customer could be an End User, interexchange carrier, a wireless provider, other telecommunications carrier or provider originating or terminating VoIP-PSTN Access Traffic or any other carrier authorized to operate.

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**SECTION 3. DEFINITIONS**

**Dedicated:** A facility or equipment system or subsystem set aside for the sole use of a specific Customer.

**Demarcation Point:** The demarcation point is the physical location that separates the responsibility for installation and repair of telecommunication facilities between the Company, building/property owner/landlord/agent, and the Customer.

**Duplex Service:** Service which provides for simultaneous transmission in both directions.

**End Office:** With respect to each NPA-NXX code prefix assigned to the Company, the location of the Company's "End Office" for purposes of this Tariff shall be the point of interconnection associated with that NPA-NXX code in the Local Exchange Routing Guide (LERG), issued by Telcordia. The End Office switch is the Company's switching system where telephone exchange service Customer station Channels are terminated for purposes of interconnection to each other and to interoffice Trunks.

**End Office Access Service:** means: (1) The switching of access traffic at the carrier's End Office switch and the delivery to or from of such traffic to the called party's premises; (2) The routing of interexchange telecommunications traffic to or from the called party's premises, either directly or via contractual or other arrangements with an affiliated or unaffiliated entity, regardless of the specific functions provided or facilities used; or (3) Any functional equivalent of the incumbent local exchange carrier access service provided by a non-incumbent local exchange carrier. End Office Access Service rate elements for an incumbent local exchange carrier include the local switching rate elements specified in 47 CFR §69.106, the carrier common line rate elements specified in 47 CFR §69.154, and the intrastate rate elements for functionally equivalent access services. End Office Access Service rate elements for an incumbent local exchange carrier also include any rate elements assessed on local switching access minutes, including the information surcharge and residual rate elements. End office Access Service rate elements for a non-incumbent local exchange carrier include any functionally equivalent access service.

**End User:** The term "End User" denotes any customer of an intrastate telecommunications service that is not a carrier, except that a carrier shall be deemed to be an "end user" to the extent that such carrier uses a telecommunications service for administrative purposes, without making such service available to others, directly or indirectly.

**Entrance Facility:** The dedicated Switched Access transport facility from the Customer premise to the Company serving wire center.

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**SECTION 3. DEFINITIONS**

**Exchange Carrier:** Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

**F.C.C.: Federal Communications Commission**

**Facilities:** Denotes any cables, poles, conduit, carrier equipment, wire center distribution frames, central office switching equipment, etc. used to provide the service offered under this tariff.

**Fiber Optic Cable:** A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

**Firm Order Confirmation (FOC):** Acknowledgment by the Company of receipt of an Access Service Request from the Customer and commitment by the Company of a Service Date.

**ILEC:** Incumbent Local Exchange Carrier refers to the incumbent dominant local telephone carrier in the area also served by the Company.

**Incidental Service:** Denotes service provided to a Customer under this tariff that is not provided through a written agreement with Customer and will be held to have been constructively ordered.

**Individual Case Basis (ICB):** A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation. The Company will file the ICB contract with the California Public Utilities Commission.

**Interconnected Carrier (IC) or Interconnected Telecommunications Carrier:** A Carrier or Telecommunications Carrier connected to the Company.

**Interexchange Carrier (IXC) or Interexchange Common Carrier:** Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in state or foreign communication for hire by wire or radio, between two or more exchanges.

**InterMTA Traffic:** InterMTA traffic refers to wireless to wireline traffic that originates and terminates in two different MTAs.

**Interstate Communications:** Interstate communications includes both Interstate and foreign communications.

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**SECTION 3. DEFINITIONS**

**IntraMTA Traffic:** IntraMTA traffic refers to wireless to wireline traffic that originates and terminates within the same MTA.

**Intrastate Switched Access Service:** Provides for the switched two-way communications path between a Customer's premises or a collocated interconnection location and an End User's premises for originating and terminating calls within the state.

**Kbps:** Kilobits, or thousands of bits, per second.

**LATA:** A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services, or any other geographic area designated as a LATA in the NATIONAL EXCHANGE CARRIER ASSOCIATION, Inc. Tariff FCC No. 4.

**Local Access:** The connection between a Customer's premises and a point of presence of the Exchange Carrier.

**Local Calling Area or Local Service Area:** The Company's local calling area will mirror the local calling area described in the ILEC tariff for that geographic area.

**Local Exchange Carrier (LEC):** Any company or other entity, which provides telephone service inside, or within the Local Calling Area.

**Local Switching Center:** The switching center where telephone exchange service Customer station Channels are terminated for purposes of interconnection to each other and to interoffice Trunks.

**Mbps:** Megabits, or millions of Bits, per second.

**Meet-Point Billing (MPB):** The arrangement through which multiple Exchange Carriers involved in providing Access Services divide the ordering, rating, and billing of such services on a proportional basis, so that each Exchange Carrier involved in providing a portion of the Access Service agrees to bill under its respective tariff. All information necessary for billing, ordering and design coordination will be provided based on the standards in the Multiple Exchange Carriers Access Billing Guidelines (MECAB) and Multiple Exchange Carriers Ordering and Design Guidelines (MECOD) to ensure that jointly provided Access Services are installed, tested and turned up in a timely manner.

**Message:** A message is a call.

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**SECTION 3. DEFINITIONS**

**Monthly Recurring Charge (MRC):** The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

**MTA:** MTA refers to Major Trading Area as defined in 47 C.F. R. paragraphs 24-102 of the FCC Rules and Regulations.

**Network:** Refers to the Company's facilities and equipment used to provide services under this tariff.

**NPA-NXX:** Numbering Plan Area (also known as "Area Code") and prefix (NXX).

**Non-Recurring Charges (NRC):** The one-time initial charges for services or facilities, including but not limited to, charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

**Off-Hook:** The active condition of Switched Access or a telephone exchange service line.

**On-Hook:** The idle condition of switched access or a telephone exchange service line.

**Out of Band Signaling:** An exchange access signaling feature which allows Customers to exchange call control and signaling information over a communications path which is separate from the message path.

**Point of Interconnection (POI):** The demarcation point or network interface on the Company's premises between the Company's facilities and the Customer's facilities.

**Point of Presence (POP):** Location where the Customer maintains a facility for purpose, of interconnecting to the Company's network.

**Premises:** The space occupied by a Customer or Authorized User in a building or buildings or on contiguous property (except railroad rights-of-way, etc.).

**Presubscription:** An arrangement whereby an End User may select and designate to the Company an Interexchange Carrier (IXC) or Carriers it wishes to access, without an Access Code, for completing both intraLATA toll calls and/or interLATA calls. The selected IXC (s) are referred to as the End-User's Primary Interexchange Carrier (PIC). The End User may select any IXC that orders FGD Switched Access Service at the Local Switching Center that serves the End User.

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**SECTION 3. DEFINITIONS**

**PSTN:** The public switched telephone network (PSTN) is the legacy network of the world's public circuit-switched telephone networks.

**Recurring Charges:** The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

**Service Commencement Date:** For Special Access Service and Direct Connect Switched Access Service the first day following the date on which the Company notifies the Customer that the requested service or facility is available for use. Unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date. If the Company does not have an executed Service Order from a Customer, the Service Commencement Date will be the first date on which the service or facility was used by the Customer. For Tandem Connect Customers, the Service Commencement Date will be the first date on which the service or facility was used by the Customer.

**Service Order:** The written request for Network Services executed by the Customer and the Company in a format devised by the Company, or, in the alternative, the submission of an Access Service Request by the Customer in the manner specified in this tariff. The signing of a Service Order or submission of an ASR by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date. In the absence of an ASR, carriers utilizing the exchange access services set forth in this tariff are deemed to have constructively ordered service which shall constitute an agreement by the Customer to purchase the Company's switched access services as described and priced herein.

**Service(s):** Refers to all telecommunications services and other services related thereto offered on the Company's Network to Customers or Users

**Serving Wire Center (SWC):** The local Company office from which dial tone for local exchange service would normally be provided to the Customer premises.

**Shared Facilities:** A facility or equipment system or subsystem which can be used simultaneously by several Customers.

**Signaling Point of Interface:** The Customer designated location where the SS7 signaling information is exchanged between the Company and the Customer.

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**SECTION 3. DEFINITIONS**

**Signaling System 7 (SS7):** The common Channel Out of Band Signaling protocol developed by the Consultative Committee for International Telephone and Telegraph (CCITT) and the American National Standards Institute (ANSI).

**Signaling Transfer Point (STP) Access:** Allows the Customer to access a specialized switch which provides SS7 network access and performs SS7 messaging routing and screening.

**Special Access Service:** Dedicated access between a Customers' Premises and another Point of Presence for the purpose of originating or terminating communications. Special Access is available to both carriers and end users, as defined in this tariff.

**Switched Access Service:** Access to the switched network of an Exchange Carrier for the purpose of originating or terminating communications. Switched Access is available to carriers, as defined in this tariff.

**Switched Access Tandem:** Switched Access Tandem refers to a Company switching system that provides a distribution function for Switched Access Service traffic between Telecommunications Carriers.

**Tandem Switched Transport (TST):** The transport between the SWC and wire centers or between an access tandem/POI and wire centers that subtend the access tandem.

**TDM:** Time-division multiplexing (TDM) is a method of putting multiple data streams in a single signal by separating the signal into many segments, each having a very short duration.

**Telephone Company:** A telephone company is any telephone corporation operating within Arizona. This term includes resellers and wireless telephone service providers. A billing telephone company is a telephone company that also provides billing services to any third party, including its own affiliate, or that bills for non-communications-related products and services on its own behalf. Telephone companies are responsible for their agents' compliance with these rules and liable for their agents' violation of these rules.

**Toll Free:** A term to describe an inbound communications service which permits a call to be completed at a location without charge to the calling party. Access to the service is gained by dialing a ten (10) digit telephone number with a "toll free" NPA of 800, 888, etc.

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**SECTION 3. DEFINITIONS**

**Transmission Path:** An electrical or optical path capable of transmitting signals within the range of the service offering. A transmission path is comprised of physical or derived facilities consisting of any form or configuration of plant used in the telecommunications industry.

**Trunk:** A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

**Trunk Group:** A set of trunks which are traffic engineered as a unit for the establishment of connections between switching systems in which all of the communication paths are interchangeable.

**Two-Way:** A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

**Usage or Usage-Based Charges:** These are the charges for minutes and/or database queries generated by the Customer's calls or messages, which traverse over Company facilities.

**Toll VoIP-PSTN Traffic:** The term "Toll VoIP-PSTN Traffic" denotes a Customer's interexchange voice traffic exchanged with the Company in Time Division Multiplexing format over PSTN facilities, which originates and/or terminates in Internet Protocol (IP) format. "Toll VoIP-PSTN Traffic" originates and/or terminates in IP format when it originates from and/or terminates to an end user Customer of a service that requires IP-compatible customer premises equipment.

**Wire Center:** A wire center is a building in which central offices, used for the provision of Telephone Exchange services, are located.

**Wireless Service Provider (WSP):** Any carrier authorized to operate as a provider of cellular, personal communications, paging or any other form of wireless transmission.

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**SECTION 4. RESERVED FOR FUTURE USE**

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**SECTION 5. SWITCHED ACCESS****I. General**

Switched Access Service, which is available to Customers for their use in furnishing their services to End Users, provides a two-way communications path between a Customer's Premises and an End User's Premises. It provides for the use of common terminating, switching and transport facilities. Switched Access Service provides the ability to originate calls from an End User's Premises to a Customer's Premises, and to terminate calls from a Customer's Premises location to an End User's Premises in the LATA where it is provided. Switched Access Service must be ordered separately for each LATA in which the Customer desires to originate or terminate calls.

Notwithstanding the above language, Company may provide only a portion of Switched Access Service. Company is only responsible for the portions of the service it provides. For purposes of clarity, Customer may not withhold payment from Company for the portions of the service Company provides based on any dispute Customer may have with another carrier for the services such carrier may provide.

**II. Provision and Description of Switched Access Service Arrangements**

Switched Access Service is provided in the following service type:

**A. Feature Group D (FGD) Access**

FGD Access, which is available to all Customers, is provisioned at the DS1 level and DS3 level and provides trunk-side access to the Company Access Tandem and End Office switches.

FGD provides a trunk-side termination through the use of end office or access tandem switch trunk equipment. Wink-start, start-pulsing and answer-supervisory signaling are sent by the terminating office. Disconnect-supervisory signaling is sent from the originating or terminating office. When FGD uses SS7 out of band signaling, no signaling will be done via the message channel.

FGD switching is provided with SS7 out of band signaling. With SS7 out of band signaling, up to 12 digits of the called party number dialed by the Customer's end user is provided by the Company's equipment to the Customer's designated premises via SS7 links.

The Company will establish a trunk group or groups for the Customer at the end office or access tandem switch where FGD switching is provided. When required by technical limitations, a separate trunk group will be established for each type of FGD switching arrangement provided. Different types of FGD or other switching arrangements may be combined at the option of the Company.

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**SECTION 5. SWITCHED ACCESS**

**II. Provision and Description of Switched Access Service Arrangements (Continued)**

**A. Feature Group D (FGD) Access (Continued)**

The uniform access code for FGD switching is 101XXXX. No access code is required for calls to a Customer over FGD Switched Access Service where the end user's telephone exchange service is arranged for Interexchange Carrier (IXC) Subscription.

When no access code is required, the number dialed by the Customer's end user shall be a 7- or 10- digit number after dialing the prefix 0 or 1 for calls in the North American Numbering Plan (NANP).

For calls outside of the NANP, and if the end office is equipped for International Direct Distance Dialing (IDDD), a 7- to 15- digit number may be dialed after dialing the prefix 011 or 01.

8XX Data Base Query Service, which is available to all Customers, provides trunk-side equivalent access to the Company's Network in the originating direction only, for the Customer's use in originating calls dialed by an End User to toll free telephone numbers beginning with prefixes, 800, 888, 877, 866, 855, and/or subsequent toll-free area codes.

Customer's or its End User's use of any Incidental Service shall constitute Customer's agreement to all of the terms and conditions of this tariff. Services provided on an Incidental basis (Incidental Services) are billed to Customer on a monthly basis in accordance with Customer's recorded usage for each Service and the corresponding rates contained in the Rates section, below.

**B. Trunk Configuration**

Trunks used for Switched Access Service may be configured for one-way (either originating only or terminating only) or for two-way directionality. It is the Customer's responsibility to order a sufficient number of trunks of each type in order to meet its desired grade of service objective. At the Customer's request, the Company will assist the Customer in sizing Switched Access Trunk groups.

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**SECTION 5. SWITCHED ACCESS**

**II. Provision and Description of Switched Access Service Arrangements (Continued)**

**C. Rate Categories**

The following categories apply to Switched Access Service. The Company may bill these categories of Switched Access Service on a per element basis or on a composite basis:

1. Carrier Common Line
2. Local Switching
3. 8XX Data Base Query
4. Switched Transport

**Definitions of Switched Access Service Rate Categories**

**1. Carrier Common Line.**

**Carrier Common Line:** The Carrier Common Line rate category provides for the use of Channels by Customers for access to End Users to furnish Customer intrastate communications. Carrier Common Line is provided where the Customer obtains Company provided Switched Access Service under this Tariff to Company or VoIP Provider End Office(s).

**Limitations:**

- (a) A telephone number is not provided with Carrier Common Line.
- (b) Detail billing is not provided for Carrier Common Line.
- (c) Directory listings are not included in the rate and charges for Carrier Common Line.
- (d) Intercept arrangements are not included in the rates and charges for Carrier Common Line.
- (e) All trunk side connections provided in the same combined access group will be limited to the same features and operating characteristics.

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**SECTION 5. SWITCHED ACCESS****II. Provision and Description of Switched Access Service Arrangements (Continued)****C. Rate Categories (Continued)****2. Local Switching**

- a. **End Office Switching**: End Office Switching provides for the use of End Office switching and End User termination functions. The End Office Switching rate is assessed on a per-MOU basis to all originating and terminating access minutes utilizing the end office.
- b. **End Office Shared Port**: The End Office Shared Port rate provides for the termination of common transport trunks in shared end office ports and in remote switching system ports. The End Office Shared Port rate is assessed on a per-MOU basis to all trunkside originating and terminating access minutes utilizing tandem routing to the end office. If tandem routing is being utilized to a remote switching system (via a host office), the End Office Shared Port rate is assessed to the access minutes originating or terminating from the remote switching system.
3. **8XX Data Base Query**: When an 8XX + NXX + XXXX call is originated by an End User or delivered by a connecting carrier to the Onvoy network unqueried, the Company will perform Customer identification based on screening of the full ten-digits of the 8XX number to determine the Customer location to which the call is to be routed. A Basic Query Charge covers the identification of the toll carrier to whom the call should be delivered. A Vertical Query includes the Basic Query function plus such functions as call validation (ensuring that calls originate from subscriber service areas); POTS translation of 8XX series numbers; alternate POTS translation where End Users can vary the routing of the 8XX calls based on time of day, place, etc.; and multiple carrier routing.

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SECTION 5. SWITCHED ACCESS

II. Provision and Description of Switched Access Service Arrangements (Continued)

C. Rate Categories (Continued)

4. Switched Transport: The Switched Transport Rate Category provides for access tandem and transport service between local exchange carriers (LEC) and IXC Customers. The Switched Transport Rate Category is provided for originating (from LEC to IXC) and terminating (IXC to LEC) traffic. The Switched Transport Rate Category provided under this tariff covers the use of the Company's Access Tandem and Transport Facilities. In addition, it covers the switched transport between an End Office and a Company POI. The following rate elements comprise the Switched Access Tandem Rate Category and are applied on a per-minute basis.
  - a. Tandem Switching: Tandem Switching is a per-minute of use rate element assessed for utilizing tandem switching functions. The Company will provide originating and terminating tandem switching services for Company End Offices as well as for non-Company end offices which subtend the Company tandem. The Tandem Switching rate element covers the tandem switching function and the transport from a Company POI to the Company access tandem.

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**SECTION 5. SWITCHED ACCESS**

**II. Provision and Description of Switched Access Service Arrangements (Continued)**

**C. Rate Categories (Continued)**

**4. Switched Transport:(Continued)**

- b. **Tandem Switched Transport:** Tandem Switched Transport is comprised of a Tandem Switched Transport Termination rate and a Tandem Switched Transport Facility rate. Both rate elements apply for the transmission facility between an End Office and the Company POI. This consists of circuits used in common by multiple Customers.

The Tandem Switched Transport Termination rate element covers the circuit equipment at the end of the transmission facilities. For Tandem Switched Transport Termination, the amount billed will be the product of the quantity of Access Minutes multiplied by the Tandem Switched Transport Termination rate. The Tandem Switched Transport Termination charge will be applied for each location where the Company provides termination.

The Tandem Switched Transport Facility rate element provides for the transmission facilities, including intermediate circuit equipment between an End Office and a Company POI or Access Tandem. For purposes of determining the per-mile rate, mileage will be measured as airline mileage using the V&H coordinates method.

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**SECTION 5. SWITCHED ACCESS****II. Provision and Description of Switched Access Service Arrangements (Continued)****C. Rate Categories (Continued)****4. Switched Transport (Continued)****b. Tandem Switched Transport (Continued)**

For Tandem Switched Transport Facility, the amount billed will be the multiplication product of:

- Airline miles between the end office and the POI or tandem
- By the Billing Percentage (BP) provided by the Company transport facility
- By the Quantity of Access Minutes
- By the Tandem Switched Transport Facility rate

The resulting amount is the Company's Tandem Switched Transport Facility charge. The Tandem Switched Transport Facility charge will be applied for all routes where the Company provides the Transport Facility between the POI or tandem and a subtending End Office where the call originates or terminates.

The mileage to be used to determine the Tandem Switched Transport Facility rates are calculated on the airline distance between the End Office switch where the call originates or terminates and the Company POI. The V&H coordinates method is used to determine mileage. This method is set forth in NATIONAL EXCHANGE CARRIER ASSOCIATION, INC. Tariff FCC No. 4 for Wire Center Information.

If the Company provides a portion of the transport mileage between the POI or Access Tandem and the End Office, to a Meet Point (MP) with another Exchange Carrier, the mileage to be used in the above charge is calculated on the airline distance between the Company POI and the Meet Point with the other Exchange Carrier. The interconnection Meet Points (MP) will be determined by the Exchange Carriers involved. The billing percentage (BP) factor for the Company for the service between the involved offices will be listed in NATIONAL EXCHANGE CARRIER ASSOCIATION, INC. Tariff FCC No. 4. Should any changes be made to the Meet Point billing with the Company arrangements as set forth, the Company will give affected Customers 30 days notice.

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**SECTION 5. SWITCHED ACCESS****II. Provision and Description of Switched Access Service Arrangements (Continued)****C. Rate Categories (Continued)****4. Switched Transport (Continued)****b. Tandem Switched Transport (Continued)**

If the End Office and the Company POI or Access Tandem are in the same wire center building, then no mileage component applies, and no Tandem Switched Transport Facility charge applies. When the End Office is not located in the same wire center building as the Company POI or Access Tandem, mileage measurement is calculated using the V&H coordinates method as described above. The mileage rates are shown in Section 5.VIII.D in terms of per mile per access minute. The amount to be billed shall be the product of the number of miles multiplied by the per mile rate multiplied by the number of access minutes.

A Customer's Point of Presence may be located at the Company's Access Tandem or at the Company POI serving the End Office. When a Customer's Point of Presence is located at the Company's Access Tandem, billing is done as though the connection was made at the Company POI, if applicable, pursuant to Section 2.III.K.(1).

- c. **Common Transport Multiplexing Charge:** Transport multiplexing equipment is utilized in the End Office side of the Access Tandem when transport is provided between the Access Tandem and the subtending End Offices. The rate (if applicable) is assessed for DS3 to DS1 multiplexing on a per-MOU basis, and is in addition to Tandem Switched Transport charges.

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## SECTION 5. SWITCHED ACCESS

### II. Provision and Description of Switched Access Service Arrangements (Continued)

#### D. Customer Options to Connect to Company Network

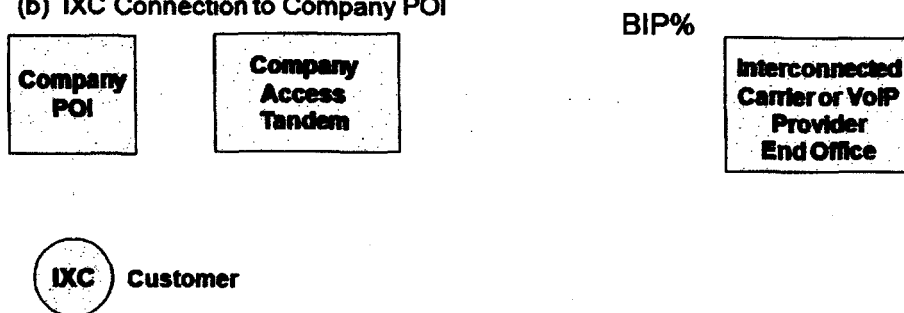
A Customer can connect to the Company's Access Tandem by one of two methods: directly to a Company Access Tandem or to a Company's Point of Interconnection (POI). The following diagrams illustrate these options.

#### Company operating as Access Tandem Provider

##### (a) IXC Direct connection to Company's Access Tandem



##### (b) IXC Connection to Company POI



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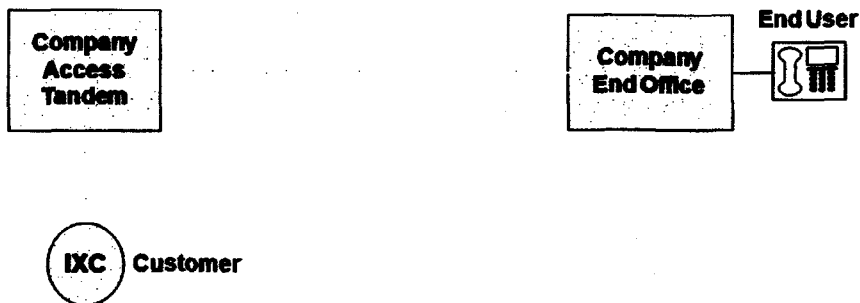
SECTION 5. SWITCHED ACCESS

II. Provision and Description of Switched Access Service Arrangements (Continued)

D. Customer Options to Connect to Company Network (Continued)

Company operating as Access Tandem, Transport & End Office Provider

(a) IXC Direct connection to Company's Access Tandem



(b) IXC Connection to Company POI



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## SECTION 5. SWITCHED ACCESS

### II. Provision and Description of Switched Access Service Arrangements (Continued)

#### D. Customer Options to Connect to Company Network (Continued)

##### **Company operating as Access Tandem, Transport & End Office Provider (In connection with traffic to or from a VoIP Provider)**

(a) IXC Direct connection to Company's Access Tandem



(b) IXC Connection to Company POI



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**SECTION 5. SWITCHED ACCESS**

**II. Provision and Description of Switched Access Service Arrangements (Continued)**

- E. **Company POI Locations and Access Tandems:** Company POI CLLI Codes and Access Tandems can be found on the Company website: [www.onvoy.com](http://www.onvoy.com).
- F. **Acceptance Testing:** At no additional charge, the Company will, at the Customer's request, cooperatively test, at the time of installation, the following parameters: loss, C-notched noise, C-message noise, 3-tone slope, d.c. continuity and operational signaling.
- G. **Ordering Options and Conditions:** Access Service is ordered under the Access Order provisions set forth in Section 6 and provided in MECOD. Also included in that section are other charges which may be associated with ordering Switched Access Service.
- H. **Competitive Pricing Arrangements:** Competitive pricing arrangements for Local Transport-Entrance Facilities and Local Transport-Direct Trunked transport can be furnished to meet the communication needs of specific Customers on a case by case basis under individual contract.
- I. **Common Channel Signaling Service:**
  - 1. **SS7 Standard:** Common Channel Signaling (CCS) is a protocol suite that allows for out-of-band signaling for voice and data message services. Signaling System Seven (SS7) is currently a widely deployed CCS protocol. The Company's CCS network is a digital data network carrying signaling information, which interfaces with the voice/data network. To ensure network reliability, Signal Transfer Points (STPs) are deployed in geographically dispersed mated pairs. STP access requires interconnection to ports of both STPs of the mated pair. The STP provides translations and routing functions for SS7 signaling messages received from the Company's network signaling points and the SS7 networks of other entities. There are two types of signaling messages, ISDN User Part (ISUP) messages are used for call set-up and tear-down. This type of signaling allows a Customer to send originating and terminating call set-up signaling information between the Customer's designated premises, the Company's STP and other entities. The second type of signaling is Transaction Capabilities Application Part (TCAP) messages. TCAP messages are used to carry information between signaling points for call related databases, such as CNAM, 8XX DB and LNP query service.

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**SECTION 5. SWITCHED ACCESS****II. Provision and Description of Switched Access Service Arrangements (Continued)****I. Common Channel Signaling Service (Continued)**

2. **B-Link Connectivity:** The Company requires Customers to establish B-Link Connectivity upon issuance of an initial Access Service Request (ASR) Order. Bridging Links (B-Links) provides a quad set of links that connect peer pairs of STPs. These links carry signaling messages beyond their initial point of entry to a STP of another SS7 network. The Company requires that B-Link Connectivity occurs on a peer basis, with no resulting port or message usage charges between parties. The Customer must have connectivity to the Company's STP. The Company will provide all pertinent STP point code information to the Customer at the time of order. To connect to the Company STP through a port, the Customer must provide a telecommunication facility or link that provides a bi-directional transmission and operates at a DS0 level. This link is utilized exclusively for connecting to the Customer's CCS network and the Company's CCS network for the transmission of network control signaling data.

**J. Miscellaneous Services**

1. Presubscription is an arrangement whereby an end user may select and designate to the Company an interexchange carrier (IXC) to access, without an access code, for Intrastate interLATA calls, Intrastate intraLATA calls and Interstate interLATA calls subject to the Company's FCC Access Tariff. This IXC is referred to as the end user's Primary Interexchange Carrier (PIC). The end user may select as its PIC the Company, or any other IXC that orders originating Feature Group D switched access service at the end office that serves the end user. After the end user's initial selection of a predesignated IXC, for any additional changes in selection a non-recurring charge applies as set forth in Section 5, VIII. Rates and Charges.

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**SECTION 5. SWITCHED ACCESS****III. Obligations of the Company**

In addition to the obligations of the Company set forth in other sections of this tariff, the Company has certain other obligations concerning the provisions of Switched Access Service. These obligations are as follows:

**A. Network Management**

The Company will administer its Network to ensure the provision of acceptable service levels to all telecommunications users of the Company's Network Services. Generally, service levels are considered acceptable only when both End Users and Customers are able to establish connections with little or no delay encountered within the Company Network. The Company reserves the right to apply protective controls, (i.e., those actions, such as call gapping, which selectively cancel the completion of traffic), over any traffic carried over its Network, including that associated with a Customer's Switched Access Service. Generally, such protective measures would only be taken as a result of occurrences such as failure or overload of Company or Customer facilities, natural disasters, mass calling or national security demands. The Customer will notify the Company of anticipated peaked services as stated below. Based on the information provided, the Company will work cooperatively with the Customer to determine the appropriate level of control. In the event that the protective controls applied by the Company result in the complete loss of service by the Customer, the Customer will be granted a credit allowance for service interruption as set forth in Section 2.IV.D.

When a Customer uses the Company's facilities to offer services for which a substantial call volume or peaked service is expected during a short period of time, the Customer must notify the Company at least 24 hours in advance of each peak period. For events scheduled during weekend or holidays the Company must be notified no later than 5:00 p.m. local time on the prior business day. Notification should include the nature, time, duration and frequency of the event, an estimated call volume, and the NPA NXX and line number(s) to be used. On the basis of the information provided, the Company may invoke network management controls if required to reduce the probability of excessive Network congestion. The Company will work cooperatively with the Customer to determine the appropriate level of such control. Failure to provide prescribed notification may result in Customer caused Network congestion, which could result in discontinuance of service and/or damages.

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**SECTION 5. SWITCHED ACCESS**

**IV. Obligations of the Customer**

In addition to obligations specified elsewhere in this tariff, the Customer has certain specific obligations pertaining to the use of Switched Access Service, as follows:

- A. **Report Requirements:** When a Customer orders Switched Access Service for both Interstate and Intrastate use, the Customer is responsible for providing Jurisdictional Reports as set forth in Section 2.III.K, preceding. Charges will be apportioned in accordance with those reports. The method to be used for determining the Interstate charges is set forth therein.
- B. **Supervisory Signaling:** The Customer's facilities at the premises of the ordering Customer shall provide the necessary On-Hook, Off-Hook answer and disconnect supervision.
- C. **Design of Switched Access Services:** It is the Customer's responsibility to assure that sufficient Access Services have been ordered to handle its traffic.

**V. Switched Access Rate Categories**

There are three types of rates and charges that apply to Switched Access Service. These are Monthly Recurring Charges, Usage Rates and Non-Recurring Charges.

- A. **Monthly Recurring Charges:** Monthly Recurring Charges are flat rates for facilities that apply each month or fraction thereof that a specific rate element is provided.
- B. **Usage Rates:** Usage rates are rates that are applied on a per access minute, per access line or per query basis. Usage rates are accumulated over a monthly period.
- C. **Non-Recurring Charges:** Non-Recurring charges are one time charges that apply for a specific work activity (i.e., installation of new service or change to an existing service).

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**SECTION 5. SWITCHED ACCESS**

**VI. Application of Rates**

- A. 8XX Database Query, Vertical Query Charge: The Vertical Query Charge applies for the translation of a specific 8XX number to a ten digit telephone number on a per query basis.

**VII. Billing of Access Minutes**

- A. When recording originating calls over FGD with SS7 signaling, usage measurement begins with the transmission of the initial address message by the switch for direct Trunk groups and with the receipt of an exit message by the switch for tandem Trunk groups. The measurement of originating FGD usage ends when the entry switch receives or sends a release message, whichever occurs first.

For terminating calls over FGD with SS7 signaling, the measurement of access minutes begins when the terminating recording switch receives the initial address message from the terminating End User. On directly routed Trunk groups or on tandem routed Trunk groups, the Company switch receives the initial address message and sends the indication to the Customer in the form of an answer message. The measurement of terminating FGD call usage ends when the entry switch receives or sends a release message, whichever occurs first.

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**SECTION 5. SWITCHED ACCESS**

**VIII. Rates and Charges**

**A. Composite Switched Access**

**Direct Access**

- Per Originating Minute	\$0.026072
- Per Terminating Minute	\$0.033981

**Tandem Switched Access**

- Per Originating Minute	\$0.032444
- Per Terminating Minute	\$0.040353

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**SECTION 5. SWITCHED ACCESS****VIII. Rates and Charges (Continued)****B. Switched Access Tandem Service (When Company provides stand alone Tandem Services)**

- Tandem Switching, Per Originating or Terminating Minute	\$0.005000
- Common Transport Multiplexing, Per Originating or Terminating Minute	\$0.000137
- Tandem Switched Transport Termination, Per Originating or Terminating Minute	
Over 0 to 8 miles	\$0.000199
Over 8 to 25 miles	\$0.000255
Over 25 to 50 miles	\$0.000263
Over 50 miles	\$0.000265
- Tandem Switched Transport Facility, Per Originating or Terminating Minute Per Mile	
Over 0 to 8 miles	\$0.000020
Over 8 to 25 miles	\$0.000023
Over 25 to 50 miles	\$0.000023
Over 50 miles	\$0.000023

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SECTION 5. SWITCHED ACCESS**VIII. Rates and Charges (Continued)****H. 8XX Data Base Query Service**

<b>8XX Database Query Service</b>	<b>All Areas</b>
Basic 8XX Query, per query	\$0.003500
POTS Translation, per query	\$0.003665
Call Handling & Destination Feature query	\$0.000694

**I. Primary Interexchange Carrier Change Charge:**

1. Change to IntraLATA or InterLATA PIC as separate orders
  - a. For each manual change \$5.50
  - b. For electronic change \$1.25
2. Changing the IntraLATA and InterLATA PIC at the same time:
  - a. For Manual change \$2.75
  - b. For electronic change \$0.62

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**SECTION 5. SWITCHED ACCESS****VIII. Rates and Charges (Continued)****J. Toll Voice over Internet Protocol – Public Switched Telephone Network (“VoIP-PSTN”) Traffic**

This section governs the identification and treatment of Toll VoIP-PSTN Traffic that is required to be compensated at interstate access rates unless the parties have agreed otherwise in a written agreement. Specifically, this section establishes the method of separating such traffic (referred in this tariff as “Relevant VoIP-PSTN Traffic”) from a Customer’s traditional intrastate access tariff, so that such Relevant VoIP-PSTN traffic can be billed in accordance with the F.C.C. Order.

Company will bill and collect Interstate Switched Access rates on traffic exchanged with Customers when such traffic originates and/or terminates in Internet Protocol format, as set forth in Section 51.913 of the Federal Communications Commission’s rules, 47 C.F.R. §51.913, regardless of whether the Company itself delivers such traffic to the called party’s premises or delivers the call to the called party’s premises via contractual or other arrangements with an affiliated or unaffiliated provider of interconnected Voice over Internet Protocol service or a non-interconnected Voice over Internet Protocol service that does not itself seek to collect Switched Access charges for this traffic.<sup>1</sup>

Intrastate VoIP-PSTN traffic is subject to the Company’s applicable interstate switched access rate per minute, as set forth in the Company’s F.C.C. Tariff No. 2.

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<sup>1</sup> See, *In the Matter of Connect America Fund A National Broadband Plan for Our Future Establishing Just and Reasonable Rates for Local Exchange Carriers High-Cost Universal Service Support Developing an Unified Intercarrier Compensation Regime Federal-State Joint Board on Universal Service Lifeline and Link-Up Universal Service Reform – Mobility Fund*, Report and Order and Further Notice of Proposed Rulemaking, Docket Nos. WC Docket No. 10-90, *et al.*, FCC 11-161, (Rel. November 18, 2011).

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**SECTION 5. SWITCHED ACCESS****VIII. Rates and Charges (Continued)****K. Calculation and Application of Percent VoIP-PSTN Usage**

Company will determine the number of Relevant VoIP-PSTN Traffic minutes of use ("MOU") to which interstate rates will be applied by applying a Percent VoIP Usage ("PVU") factor to the total intrastate access MOU exchanged between a Company End User and the Customer. The PVU will be derived and applied as follows.

1. The Customer will calculate and furnish to Company a factor (the "PVU-A") representing the percentage of the total intrastate and interstate access MOU that the Customer exchanges with Company in the State, that (a) is sent to Company and that originated in IP format; or (b) is received from Company and terminated in IP format. This PVU-A shall be based on information such as the number of the Customer's retail VoIP subscriptions in the state (e.g., as reported on FCC Form 477), traffic studies, actual call detail, or other relevant and verifiable information.
2. Company will similarly calculate a factor (the "PVU-B") representing the percentage of Company's total intrastate and interstate access MOU in the State that Company originates or terminates on its network in IP format. This PVU-B shall be based on information such as the number of Company's retail VoIP subscriptions in the state (e.g., as reported on FCC Form 477), traffic studies, actual call detail, or other relevant and verifiable information.
3. Company will use the PVU-A and PVU-B factors to calculate a PVU factor that represents the percentage of total intrastate and interstate access MOU exchanged between a Company End User and the Customer that is originated or terminated in IP format, whether at the Company's end, at the Customer's end, or at both ends. The PVU factor will be calculated as the sum of: (A) the PVU-A factor and (B) the PVU-B factor times (1.0 minus the PVU-A factor).

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**SECTION 5. SWITCHED ACCESS****VIII. Rates and Charges (Continued)****K. Calculation and Application of Percent VoIP-PSTN Usage (Continued)**

4. Company will apply the PVU factor to the total intrastate access MOU exchanged with the Customer to determine the number of Relevant VoIP-PSTN Traffic MOUs.

Example 1: The PVU-B is 10% and the PVU-A is 40%. The PVU factor is equal to  $40\% + (10\% \times 60\%) = 46\%$ . Company will bill 46% of the Customer's intrastate access MOU at its applicable tariffed interstate switched access rates.

Example 2: The PVU-B is 10% and the PVU-A is 0%. The PVU factor is  $0\% + (100\% \times 10\%) = 10\%$ . Company will bill 10% of the Customer's intrastate access MOU at Company's applicable tariffed interstate switched access rates.

Example 3: The PVU-A is 100%. No matter what the PVU-B factor is, the PVU is 100%. Company will bill 100% of the Customer's intrastate access MOU at Company's applicable tariffed interstate switched access rates.

5. If the Customer does not furnish Company with a PVU factor, the Company will utilize a PVU-A factor of zero.
6. **Initial PVU-A Factor**  
If the PVU-A factor is not available and/or cannot be implemented in Company's billing systems by April 15, 2012, the Company will adjust the Customer's bills to reflect a PVU-A factor of zero retroactively to January 1, 2012.

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**SECTION 5. SWITCHED ACCESS**

**VIII. Rates and Charges (Continued)**

**K. Calculation and Application of Percent VoIP-PSTN Usage (Continued)**

**7. PVU Factor Updates**

The Customer may update the PVU-A factor quarterly. The Customer shall submit such update no later than the 15<sup>th</sup> day of January, April, July, and October for each year. Revised PVU factors must be based on the data for the prior three months ending the last day of December, March, June, and September respectively. The Company will use the revised PVU-A factor to calculate a revised PVU. The revised PVU will be used for future billing and will be effective on the bill date of each month and will be used for subsequent monthly billing and superseded by a new PVU factor. No prorating or back billing will be done based on the updated PVU factors. The PVU factor will be billed beginning on December 29, 2011.

**8. PVU Factor Verification**

Not more than twice in any year, Company may ask the Customer to verify the PVU-A factor furnished to the Company and a Customer may ask Company to verify the PVU-B factor and the calculation of the PVU factor. The party so requested shall comply, and shall reasonably provide the records and other information used to determine the respective PVU-A and PVU-B factors.

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## SECTION 6. ORDERING OPTIONS

### I. General

This section sets forth the regulations and order related charges for Access Service Requests (ASR) for Switched Access Service, as defined in this tariff. These charges are in addition to other applicable charges set forth in other sections of this tariff.

#### A. Ordering Conditions

The Company may require an ASR for services offered under this tariff. However, in the absence of an ASR, carriers utilizing the exchange access services set forth in this tariff are deemed to have constructively ordered service which shall constitute an agreement by the Customer to purchase the Company's switched access services as described and priced herein.

The format and terms of the ASR will be as specified in the industry Access Service Order Guidelines, unless otherwise specified herein. A Customer may order any number of services of the same type and between the same Premises on a single ASR. All details for services for a particular order must be identical.

The Customer shall provide all information necessary for the Company to provide and bill for the requested service. When placing an order for Access Service, the Customer shall provide the following minimum information:

- Customer name and Premise(s) address(es);
- Billing name and address (when different from Customer name and address)
- Customer contact name(s) and telephone number(s) for the following provisioning activities: order negotiation, order confirmation, interactive design, installation and billing.

The order date (Application Date) is the date on which the Company receives a firm commitment and sufficient information from the Customer to allow processing of the ASR. The Customer is advised of the critical events in the provisioning process, the Application Date, the Plant Test Date and the Service Commencement Date at the time the Company gives the Customer a Firm Order Confirmation (FOC). The FOC is forwarded to the Customer within two business days after the date on which all information needed to process the ASR has been received by the Company.

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**SECTION 6. ORDERING OPTIONS****I. General (Continued)****B. Provision of Other Services**

Unless otherwise specified herein, services offered under this tariff shall be ordered with an ASR. However, in the absence of an ASR, carriers utilizing the exchange access services set forth in this tariff are deemed to have constructively ordered service which shall constitute an agreement by the Customer to purchase the Company's switched access services as described and priced herein.

With the agreement of the Company, other services may subsequently be added to the ASR at any time, up to and including the service date for the Access Service. When added subsequently, charges for a Design Change as set forth in Section 6.II.H.3 following will apply when an engineering review is required.

Additional Engineering is not an ordering option, but will be applied to an ASR when the Company determines that Additional Engineering is necessary to accommodate a Customer request. Additional Engineering will be provided by the Company at the request of the Customer only when a Customer requests additional technical information after the Company has already provided the technical information included on the Design Layout Report as set forth herein. The Customer will be notified when Additional Engineering is required, and will be furnished with a written statement setting forth the justification for the Additional Engineering as well as an estimate of the charges. If the Customer agrees to the Additional Engineering, a firm order will be established. If the Customer does not want the service or facilities after being notified by the Company that Additional Engineering is required, the Customer may cancel the order and no charges will apply. Once a firm order has been established, the total charge to the Customer for the Additional Engineering may not exceed the original estimated amount by more than 10 percent.

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**SECTION 6. ORDERING OPTIONS****II. Access Order**

- A. **Access Order:** Unless service is constructively ordered as described in Section 1, an ASR is required by the Company to provide a Customer with Switched Access Service as described herein. An ASR will be required for each new similar service arrangement or group of common circuits. The applicable charges are set forth under Section 6.II.G following.

When a Customer requests new or additional Switched Access Service, one or more ASR's may be required. The number of orders required is dependent on the type of services and/or facilities being requested.

When placing an order for either Direct Connect Service or Tandem Connect Service, the Customer shall provide all standard ASR ordering information as specified in industry guidelines. The Customer will also be required to provide this information to order additional service for an existing service type. For new Customers ordering Tandem Connect Service, the Customer will only be required to complete an ASR for installation of new service.

Access Orders shall be placed to the Company's CLLI codes, these codes will be provided to the Customer upon request and/or Order. The Company reserves the right to change CLLI codes serving Customers and participating carriers based upon network needs.

- B. **Ordering, Rating and Billing of Access Services Where More Than One Exchange Carrier is Involved**

Meet point billing applies when more than one Exchange Carrier is involved in the provision of Access Service. The Company accepts and adheres to the Ordering and Billing Forum guidelines, Multiple Exchange Carrier Access Billing (MECAB) and Multiple Exchange Carrier Ordering and Design (MECOD). This method allows each provider to bill for the services it provides within the Multiple Bill option when there are more than two companies providing access service. Each provider's Tariff or contract rates apply.

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**SECTION 6. ORDERING OPTIONS****II. Access Order (Continued)**

C. Access Service Date Intervals: Access Service is provided with one of the following Service Date intervals:

- \* Standard Interval
- \* Negotiated Interval

The Company will specify a FOC and the Service Commencement Date contingent on the ASR being complete as received. To the extent the Access Service can be made available with reasonable effort, the Company will provide the Access Service in accordance with the Customer's requested interval, subject to the following conditions:

1. Standard Interval: The Standard Interval for Switched and Special Access Service will be ten business days from the Application Date. This interval only applies to standard service offerings for a Customer which is On-Net and at locations where there are pre-existing facilities to the Customer Premises. Access Services provided under the Standard Interval will be installed during Company business hours.
2. Negotiated Interval: The Company will negotiate a Service Date interval with the Customer when:
  - a. The Customer requests a Service Date before or beyond the applicable Standard Interval Service Date; or
  - b. There is no existing facility connecting the Customer Premises with the Company; or
  - c. The Customer requests a service that is not considered by the Company to be a standard service offering (for example, if Additional Engineering is required to complete the order); or
  - d. The Company determines that Access Service cannot be installed within the Standard Interval.

The Company will offer a Service Date based on the type and quantity of Access Services the Customer has requested. The Negotiated Interval may not exceed by more than six months the Standard Interval Service Date, or, when there is no Standard Interval, the Company offered Service Date.

All services for which rates are applied on an Individual Case Basis are provided with a Negotiated Interval.

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**SECTION 6. ORDERING OPTIONS****II. Access Order (Continued)**

- D. **Access Service Request Modifications:** The Customer may request a modification of its ASR prior to the Service Commencement Date. All modifications must be in writing using the industry ASR process. The Company, in its sole discretion, may accept a verbal modification from the Customer. The Company will make every effort to accommodate a requested modification when it is able to do so with the normal work force assigned to complete such an order within normal business hours. Charges for access service order modification will apply as set forth below, on a per occurrence basis.

Any increase in the number of Switched Access Services lines, Trunks, Direct Connect transport facilities, Out of Band Signaling connections or any change in engineering or functionality of a service will be treated as a new ASR with a new Service Date interval.

1. **Service Commencement Date Changes:** ASR service dates for the installation of new services or rearrangement of existing services may be changed, but the new service date may not exceed the original Service Commencement Date by more than 30 calendar days. When, for any reason, the Customer indicates that service cannot be accepted for a period not to exceed 30 calendar days, and the Company accordingly delays the start of service, a Service Date Change Charge will apply. In addition, when the Customer submits a request for a Service Date Change that is less than five business days from the date of notification by the Customer, a Service Date Change Charge and an Expedite Charge will apply. No Expedite Charges will apply if the Customer requests a Service Date Change that is more than five business days from the date of request by the Customer but earlier than the original requested Service Commencement Date.

If the Customer requested service date is more than 30 calendar days after the original service date, the order will be canceled by the Company on the 31<sup>st</sup> day. Appropriate cancellation charges will be applied. If the Customer still requires the service, the Customer must place a new ASR with the Company.

The Service Date Change Charge will apply on a per order, per occurrence basis for each service date changed. The applicable charges are set forth under Section 6.II.H following.

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**SECTION 6. ORDERING OPTIONS****II. Access Order (Continued)****D. Access Service Request Modifications: (Continued)**

2. **Design Change Charge**: The Customer may request a Design Change to the service ordered. A Design Change is any change to an ASR which requires Engineering Review. An Engineering Review is a review by Company personnel of the service ordered and the requested changes to determine what change(s) in the design, if any, are necessary to meet the Customer's request. Design Changes include such changes as the addition or deletion of optional features or functions, a change in the type of Transport Termination (Switched Access only) or type of Channel interface. Any other changes are not considered Design Changes for purpose of this subsection and will require issuance of a new ASR and the cancellation of the original ASR with appropriate cancellation charges applied.

The Design Change Charge will apply on a per order, per occurrence basis, for each order requiring a Design Change. The applicable charges, as set forth under Section 6.II.H. following, are in addition to any Service Date Change Charges that may apply.

3. **Expedited Order Charge**: When placing an Access Order for service(s) for which a Standard Interval exists, a Customer may request a Service Commencement Date that is earlier than the Standard Interval Service date, in which case an Expedite Charge will apply. The Expedite Charge will not apply if the new Service Commencement Date is more than five days from the date of the request to the Company of the expedited order request. The request for an earlier service date may be received from the Customer prior to its issuance of an ASR, or after the ASR has been issued but prior to the service date. The Company has the exclusive right to accept or deny the Expedite Order request. However if, upon reviewing availability of equipment and scheduled work load, the Company agrees to provide service on an expedited basis and the Customer accepts the Company's proposal, an Expedite Charge will apply.

If the Company is subsequently unable to meet an agreed upon expedited service date, then the Expedite Charge will not apply.

In the event the Company provides service on an expedited basis on the Customer's request, and the Customer delays service or is not ready for delivery of service at the time of installation, a Service Date Change Charge will apply in addition to the Expedite Charge.

In the event that the Customer cancels an expedite request, the Expedite Charge will be added to any applicable Cancellation Charge specified herein.

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**SECTION 6. ORDERING OPTIONS**

**II. Access Order (Continued)**

**D. Access Service Request Modifications: (Continued)**

**3. Expedited Order Charge**

In the event that the Customer requests a Service Date Change after the Company has received the original expedite request, the Expedite Charge will still apply.

An Expedite Charge will not be applied to orders expedited for Company reasons.

If costs other than additional administrative expenses are to be incurred when the Access Order is expedited, the regulations and charges for Special Construction as set forth in this tariff will apply.

The Expedited Order Charge will apply on a per order, per occurrence basis, as specified in Section 6.II.F following.

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**SECTION 6. ORDERING OPTIONS****II. Access Order (Continued)****E. Cancellation of an Access Service Request**

A Customer may cancel an ASR for the installation of Switched Access Service at any time prior to notification by the Company that service is available for the Customer's use. The cancellation date is the date the Company receives written or verbal notice from the Customer that the order is to be canceled. The verbal notice must be followed by written confirmation within ten days. A Customer may negotiate an extension of a service date of an ASR for installation of new services or rearrangement of existing service, in which case a Service Date Change Charge will apply. However, the new service date cannot exceed the originally established service date by more than 30 calendar days. On the 31<sup>st</sup> day beyond the original service date, the ASR will be canceled and the appropriate Cancellation Charge will be applied.

Except as stated herein, Cancellation Charges will apply as specified in Section 6.II.H following.

If the cancellation occurs prior to the Company's receiving the ASR, no charges shall apply.

A Customer may cancel an ASR for the installation of Special Access Service without incurring a charge at any time prior to the acceptance of a Negotiated Interval Service Date by the Customer. Cancellation Charges will apply for Special Access Service if the Customer cancels more than 48 hours after the Application Date. Cancellation Charges for Expedited Orders will be applied for any order canceled from the Application Date forward.

If the Company misses a service date for standard or Negotiated Interval Access Order by more than 30 days due to circumstances such as acts of God, governmental requirements, work stoppages and civil commotions, the Company shall not be liable for such delay and the Customer may cancel the ASR without incurring cancellation charges.

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**SECTION 6. ORDERING OPTIONS**

**II. Access Order (Continued)**

**F. Minimum Period of Service:** The minimum period for which Access Service is provided and for which charges are applicable is one month.

1. The following changes will be treated as a discontinuance of the existing service and a request for installation of a new service. All associated Non-Recurring Charges will apply for the new service and a new minimum period will be established:

- a.) A change in the identity of the Customer of record;
- b.) A move by the Customer to a different building;
- c.) A change in type of service;
- d.) A change in Switched Access Service Interface (i.e., DS1 or DS3);
- e.) A change in Switched Access Service Traffic Type;

2. When Access Service is disconnected prior to the expiration of the minimum period, charges are applicable for the balance of the minimum period. The Minimum Period Charge for monthly billed services will be determined as follows:

For Switched Access Service, the charge for a month or fraction thereof is the applicable minimum monthly charge for the capacity made available to the Customer.

All applicable Non-Recurring Charges for the service will be billed in addition to the Minimum Period Charge.

**G. Miscellaneous Service Order Charge:** The Miscellaneous Service Order Charge is an administrative charge designed to compensate for the expenses associated with service order issuance. The charge always applies to the following services since a pending service order would not exist:

- Overtime Repair
- Stand-by Repair
- Testing and Maintenance with other Telephone Companies other than when in conjunction with Acceptance Testing, Other Labor and Maintenance of Service

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**SECTION 6. ORDERING OPTIONS**

**II. Access Order (Continued)**

**G. Miscellaneous Service Order Charge: (Continued)**

The charge does not apply to the following services since there would exist a pending service order.

- Additional Engineering
- Overtime Installation
- Stand-by Acceptance Testing
- Testing and Maintenance with exchange telephone companies when in conjunction with Acceptance Testing

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**SECTION 6. ORDERING OPTIONS**

**II. Access Order (Continued)**

**H. Charges**

	<b>Non-Recurring Charge</b>
1. Access Order Charge	\$89.00
2. Service Date Change Charge	\$100.00
3. Design Change Charge	\$100.00
4. Expedited Order Charge	\$114.00
5. Cancellation Charge	\$50.00
6. Miscellaneous Service Order Charge, per occurrence	\$50.00
7. Line or Trunk Installation, per DS1	\$250.00

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**ATTACHMENT C**

**[NOT APPLICABLE]**

**ATTACHMENT D**

**Financial Information**

Consolidated Financial Statements and Report of  
Independent Certified Public Accountants

**Onvoy, Inc. (dba Onvoy Voice Services)**

June 30, 2011 and 2010

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## **Report of Independent Certified Public Accountants**

Management and Shareholder  
Onvoy, Inc.

We have audited the accompanying consolidated balance sheets of Onvoy, Inc. (a Minnesota corporation) dba Onvoy Voice Services ("Onvoy" or "Company") as of June 30, 2011 and 2010, and the related consolidated statements of operations, stockholder's equity and cash flows for the year ended June 30, 2011 and the period from March 12, 2010 to June 30, 2010. These consolidated statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Onvoy, Inc. as of June 30, 2011 and 2010 and the results of its operations and its cash flows for the year ended June 30, 2011 and the period from March 12, 2010 to June 30, 2010, in conformity with accounting principles generally accepted in the United States of America.

*Grant Thornton LLP*

Minneapolis, Minnesota  
September 9, 2011

## **FINANCIAL STATEMENTS**

Onvoy, Inc.

CONSOLIDATED BALANCE SHEETS

June 30,

(in thousands, except number of shares)

	2011	2010
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 8,560	\$ 1,610
Trade receivables, net of allowances of \$537 at June 30, 2011 and \$160 at June 30, 2010	7,013	5,956
Other receivables	580	552
Prepaid expenses	583	172
Deferred income taxes	3,443	1,772
Total current assets	20,179	10,062
Property and equipment, net of accumulated depreciation of \$14,233 at June 30, 2011 and \$6,891 at June 30, 2010	19,379	17,594
Intangible assets, net of accumulated amortization of \$6,872 at June 30, 2011 and \$2,366 at June 30, 2010	5,901	4,469
Goodwill	897	-
Deferred income taxes	11,460	15,071
Debt issuance costs	388	-
Other assets	861	887
Total assets	<u>\$ 59,065</u>	<u>\$ 48,083</u>
<b>Liabilities and shareholder's equity</b>		
Current liabilities		
Accounts payable	\$ 2,706	\$ 2,996
Accrued liabilities	4,428	3,641
Deferred revenue	91	-
Debt - current	2,500	-
Due to related party	187	841
Total current liabilities	9,912	7,478
Senior debt	16,250	-
Share based compensation	2,595	956
Deferred revenue	379	303
Other long-term liabilities	112	135
Total liabilities	29,248	8,872
Stockholder's equity		
Common stock, 1,000 shares authorized, issued and outstanding	-	-
Additional paid in capital	28,970	38,303
Retained earnings	847	908
Total stockholder's equity	29,817	39,211
Total liabilities and stockholder's equity	<u>\$ 59,065</u>	<u>\$ 48,083</u>

The accompanying notes are an integral part of these consolidated financial statements.



Onvoy, Inc.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands)

	Year ended June 30, 2011	Period from March 12, 2010 to June 30, 2010
Revenue	\$ 54,211	\$ 14,909
Operating costs and expenses		
Operating costs, excluding depreciation and amortization	30,049	7,800
Selling, general and administrative expenses	12,498	4,041
Share based compensation	1,532	332
Depreciation and amortization	3,904	1,005
Total operating costs and expenses	<u>47,983</u>	<u>13,178</u>
Operating income	6,228	1,731
Interest expense and other	<u>(966)</u>	<u>(30)</u>
Income before income taxes	5,262	1,701
Provision for income taxes	<u>2,727</u>	<u>793</u>
Net income	<u>\$ 2,535</u>	<u>\$ 908</u>

The accompanying notes are an integral part of these consolidated financial statements.

Onvoy, Inc.

CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

(in thousands)

	Common stock	Additional paid in capital	Retained earnings	Total stockholder's equity
Balance at March 11, 2010 (spin-off date)	\$ -	\$ 42,539	\$ -	\$ 42,539
Distributions to Zayo Group Holdings, Inc. (cash)	-	(2,800)	-	(2,800)
Distributions to/settlements with Zayo Group Holdings, Inc. (non-cash)	-	(1,436)	-	(1,436)
Net income	-	-	908	908
Balance at June 30, 2010	-	38,303	908	39,211
Contribution from parent (non-cash)	-	6,368	-	6,368
Distributions to Zayo Group Holdings, Inc. (cash)	-	(18,354)	(2,596)	(20,950)
Distributions to/settlements with Zayo Group Holdings, Inc., net (non-cash)	-	2,653	-	2,653
Net income	-	-	2,535	2,535
Balance at June 30, 2011	<u>\$ -</u>	<u>\$ 28,970</u>	<u>\$ 847</u>	<u>\$ 29,817</u>

The accompanying notes are an integral part of these consolidated financial statements.

Onvoy, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Year ended June 30, 2011	Period from March 12, 2010 to June 30, 2010
Cash flows from operating activities		
Net income	\$ 2,535	\$ 908
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,904	1,005
Provision (reversal) for doubtful accounts	12	(171)
Amortization of deferred financing costs	158	-
Share based compensation	1,532	332
Deferred taxes	2,719	684
Changes in operating assets and liabilities, net of impact of spin-offs from Zayo Group:		
Receivables	(105)	8
Prepaid expenses	(155)	54
Other assets	(82)	-
Accounts payable and accrued liabilities	(23)	2,465
Affiliate transactions	(273)	(112)
Deferred revenue	34	-
Other liabilities	(23)	(1,453)
Net cash provided by operating activities	10,233	3,720
Cash flows from investing activities		
Dividend from investment	182	265
Purchases of property and equipment, net	(1,808)	(81)
Net cash provided by investing activities	(1,626)	184
Cash flows from financing activities		
Cash received with ZEN spin-off	1,089	-
Distributions to parent	(20,950)	(2,800)
Proceed from term loan	20,000	-
Repayments on term loan	(1,250)	-
Deferred financing costs	(546)	-
Net cash used in financing activities	(1,657)	(2,800)
Net increase in cash and cash equivalents	6,950	1,104
Cash and cash equivalents, beginning of period	1,610	506
Cash and cash equivalents, end of period	\$ 8,560	\$ 1,610
Supplemental disclosure of cash flows information		
Cash paid for interest	\$ 624	\$ 30
Cash paid for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE A – ORGANIZATION AND DESCRIPTION OF BUSINESS**

Onvoy, Inc. (dba Onvoy Voice Services, Inc.) (“Onvoy” or the “Company”) is headquartered in Minneapolis, Minnesota, and operates a switching infrastructure to offer wholesale voice services (along with its wholly owned subsidiary Minnesota Independent Equal Access Corporation “MIEAC”) to other telecommunications providers in the United States. Onvoy, Inc.’s other wholly owned subsidiary Zayo Enterprise Networks, LLC (“ZEN”) offers voice and data services to retail customers on a regional basis. The Company is wholly owned by Zayo Group Holdings, Inc. (“Holdings”), which in turn is wholly owned by Communications Infrastructure Investments, LLC (“CII”).

The Company was acquired by Zayo Group, LLC (“Zayo Group”) on November 7, 2007 and operated as a wholly owned subsidiary of Zayo Group until March 11, 2010. On March 11, 2010 Onvoy was spun-off from Zayo Group to become a wholly owned subsidiary of Holdings, the immediate parent of both the Company and Zayo Group. On April 1, 2011 ZEN was spun-off from Zayo Group to become a wholly owned subsidiary of Onvoy.

**NOTE B – SPIN-OFFS FROM ZAYO GROUP**

On March 11, 2010, Zayo Group spun-off its Onvoy Voice Services (“OVS”) operating segments to Holdings. On the same date, Holdings contributed the OVS segment to Onvoy. As the transaction was between entities under common control, the assets and liabilities transferred to Holdings, and subsequently to the Company, were transferred at their historical cost. As of the contribution date, the historical book value of OVS’s assets was \$48,489 and the book value of OVS’s liabilities was \$5,950. The net book value of OVS on the spin-off date, of \$42,539, was assigned to the Company and recorded as additional paid in capital as of March 11, 2010. The \$42,539 of net book value at the spin-off date consisted of the following:

Current assets	\$ 8,277
Property and equipment	17,470
Intangibles	5,949
Deferred tax asset	<u>16,793</u>
Total assets	48,489
Current liabilities	4,869
Other liabilities	<u>1,081</u>
Total liabilities	<u>5,950</u>
Net book value	<u>\$42,539</u>

Subsequent to the spin-off, additional paid in capital was adjusted to reflect \$2,800 of cash distributions and \$1,436 of non-cash distributions to/settlements with Holdings in the period ended June 30, 2010.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE B – SPIN-OFFS FROM ZAYO GROUP – Continued

On April 1, 2011, all of the issued and outstanding capital stock of ZEN was distributed to Holdings. On the same date, Holdings contributed ZEN to the Company. The assets and liabilities transferred to Holdings, and subsequently to the Company, were transferred at their historical cost given the transaction was between entities under common control. As of the spin-off date, the historical book value of ZEN's assets was \$9,121 and the book value of ZEN's liabilities was \$2,753. The net book value of ZEN on the spin-off date, of \$6,368, was assigned to the Company and recorded as additional paid in capital as of April 1, 2011. The \$6,368 of net book value at the spin-off date consisted of the following:

Current assets	\$2,365
Property and equipment	3,354
Intangibles	2,431
Goodwill	897
Other assets	<u>74</u>
Total assets	9,121
Current liabilities	1,115
Deferred tax liability	1,458
Other liabilities	<u>180</u>
Total liabilities	2,753
Net book value	<u>\$6,368</u>

During the year ended June 30, 2011, the Company made cash distributions of \$20,950 to Holdings and had non-cash distributions to/settlements with Holdings of \$2,653.

NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include all the accounts of the Company and its wholly owned subsidiaries, MIEAC and ZEN (since date of spin-off). All intercompany accounts and transactions have been eliminated in consolidation. The Company's financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

Unless otherwise noted, amounts and disclosures throughout our Notes to the Consolidated Financial Statements are presented in thousands.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES –  
Continued

Estimates and Assumptions

The preparation of the Company's consolidated financial statements in conformity with US GAAP requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Significant estimates are used when establishing allowances for doubtful accounts, reserves for disputed line cost billings, determining useful lives for depreciation and amortization, assessing the need for impairment charges, accounting for income taxes and various other items. The Company evaluates these estimates and judgments on an ongoing basis and bases its estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results may differ from these estimates under different assumptions or conditions.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash and cash equivalents. These investments consist of money market funds. Periodically, balances in the accounts are in excess of federally insured limits, however, the Company has not experienced any losses on such balances.

Property and Equipment

The Company's property and equipment includes property and equipment in service or under construction or development.

Property and equipment is recorded at historical cost. Costs associated directly with network construction, service installations and development of business support systems, including employee related costs, are capitalized. Depreciation is calculated on a straight-line basis over the assets' estimated useful lives, which are determined based on historical usage with consideration given to technological changes, trends in the industry and other economic factors that could impact the network architecture and asset utilization.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES –**  
Continued

The Company provides for the impairment of long-lived assets pursuant to the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 360-10-35 which requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of its assets may not be recoverable. An impairment loss is recognized when the assets’ carrying value exceeds both the assets’ estimated undiscounted future cash flows, excluding interest, and the assets’ estimated fair value. Measurement of the impairment loss is then based on the estimated fair value of the assets. Considerable judgment is required to project such future cash flows and, if required, to estimate the fair value of the long-lived assets and the amount of the impairment. As of June 30, 2011, no long-lived assets were deemed to be impaired.

Goodwill and Intangibles

In connection with Holdings contribution of the ZEN segment to Onvoy on April 1, 2011, Onvoy was allocated goodwill in the amount of \$897. The goodwill balance acquired relates to the book value of goodwill of ZEN, as recorded by Zayo Group, on March 31, 2011. The goodwill represents the excess of the purchase price over the fair value of the net identifiable assets acquired in a prior business combination done by Zayo Group. Goodwill is reviewed for impairment at least annually and when a triggering event occurs between impairment test dates. The goodwill impairment test is a two-step test. Under the first step, the estimated fair value of the reporting unit is compared with its carrying value (including goodwill). If the estimated fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and the enterprise must perform step two of the impairment test (measurement). Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting unit’s goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill. Fair value of the reporting unit is determined using a discounted cash flow analysis. If the fair value of the reporting unit exceeds its carrying value, step two does not need to be performed.

Intangible assets with definite useful lives are amortized over their respective estimated useful lives and reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. No impairment charges were recorded for goodwill or intangibles during the year ended June 30, 2011 or the period from March 12, 2010 to June 30, 2010.

Revenue Recognition and Trade Receivables

The Company recognizes revenue when the service is provided to the customer. Most revenue is billed in arrears on a transactional basis determined by customer usage. The remainder is billed in advance on a fixed rate basis.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES –**  
Continued

The Company recognizes revenue at the amount it expects to realize, which includes billing and service adjustments. Valuation allowances for uncollectible trade receivables are established through a charge to selling, general and administrative expenses. The Company assesses the adequacy of this allowance periodically, evaluating general factors such as the length of time individual receivables are past due, historical collection experience, the economic and competitive environment, and changes in the credit worthiness of customers. The Company also assesses the ability of specific customers to meet their financial obligations and establishes specific valuation allowances based on the amount the Company expects to collect from these customers, as considered necessary. If circumstances relating to specific customers change or economic conditions improve or worsen such that past collection experience and assessment of the economic environment are no longer relevant, the estimate of the recoverability of the Company's trade receivables may change.

Network Facilities

The Company leases certain network facilities, primarily circuits, from other telecommunications companies to augment its owned infrastructure for which it is generally billed a fixed monthly fee. The Company also uses the facilities of other carriers for which it is billed on a usage basis.

The Company recognizes the cost of these facilities or services when it is billed in accordance with contractual requirements. The Company disputes incorrect billings. The most prevalent types of disputes include disputes for circuits that are not disconnected on a timely basis and usage bills with incorrect or inadequate call detail records. Depending on the type and complexity of the issues involved, it may take several quarters to resolve disputes.

In determining the amount of such operating expenses and related accrued liabilities to reflect in its financial statements, the Company considers the adequacy of documentation of disconnect notices, compliance with prevailing contractual requirements for submitting such disconnect notices and disputes to the provider of the facilities, and compliance with its interconnection agreements with these carriers. Significant judgment is required in estimating the ultimate outcome of the dispute resolution process, as well as any other amounts that may be incurred to conclude the negotiations or settle any litigation.

Share Based Compensation

Certain members of management participate in a stock compensation plan sponsored by the Company's parent. The Company accounts for share based compensation in accordance FASB ASC 718. ASC 718 requires that all share based compensation be measured at the fair value at date of grant and be recognized as an expense in the financial statements over the vesting period of the award.



Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES –**  
Continued

The Company measures liabilities incurred under share based payment arrangements at fair market value. As of June 30, 2011 and 2010, the Company had accrued \$2,595 and \$956, respectively, related to share based compensation expense. The Company recognized share based compensation expenses of \$1,532 for the year ended June 30, 2011 and \$332 for the period from March 12, 2010 to June 30, 2010.

Other Assets

Investments in which the Company does not have significant influence over the investee, or investments that do not have a readily determinable fair value are recorded using the cost method of accounting. Under this method, the investment is recorded in the balance sheet at historical cost. Subsequently, the Company recognizes as income any dividends received that are distributed from earnings since the date of initial investment. Cost method investments are reviewed for impairment if factors indicate that a decrease in value of the investment has occurred.

The Company had \$887 in A-Stock from CoBank as of June 30, 2010 which is accounted for under the cost method of accounting. During the year ended June 30, 2011, the Company received an equity retirement of \$182 resulting in a balance of \$705 as of June 30, 2011. No impairment charges were recorded for this investment during the year ended June 30, 2011 or the period from March 12, 2010 to June 30, 2010.

Income Taxes

The Company accounts for income taxes in accordance with FASB ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the enactment date.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE C – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES –**  
Continued

The Company is subject to audit by various taxing authorities, and these audits may result in proposed assessments where the ultimate resolution results in the Company owning additional taxes. The Company is required to establish reserves under FASB ASC 740-10, when the Company believes there is uncertainty with respect to certain positions and the Company may not succeed in realizing the tax benefit. The Company adopted FASB ASC 740-10-25 during the current period. In accordance with ASC 740-10-25 the Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. The application of income tax law is inherently complex, as such; it requires many subjective assumptions and judgments regarding income tax exposures. Interpretations of and guidance surrounding income tax laws and regulations change over time; as such, changes in these subjective assumptions and judgments can materially affect amounts recognized in the balance sheets and statements of earnings. Upon adopting 740-10-25, the Company had no unrecognized tax benefits which would affect the effective tax rate if recognized. At June 30, 2011 and 2010, there were no unrecognized tax benefits. Interest and penalties arising from the underpayment of income taxes are recorded in the statement of operations under selling, general and administrative expenses. As of June 30, 2011 and 2010, there was no accrued interest or penalties related to uncertain tax positions.

**NOTE D – SUPPLEMENTAL STATEMENT OF CASH FLOWS INFORMATION**

Supplemental information regarding non-cash transactions is as follows:

Non-cash distributions to/settlements with Zayo Group Holdings, Inc. (March 12 – June 30, 2010)	\$(1,436)
Non-cash distributions to/settlements with Zayo Group Holdings, Inc. (July 1, 2010 – June 30, 2011)	\$ 2,653

The Company had approximately \$217 of accrued capital expenditures as of June 30, 2011 and \$740 as of June 30, 2010. The Company has adjusted the total purchases of property and equipment by the change in these accrued capital expenditure amounts to reflect the cash paid during the year ended June 30, 2011 and the period from March 12, 2010 to June 30, 2010.

See Note B – Spin-offs From Zayo Group, for discussion of non-cash settlements related to the non-cash capital contributions from Holdings made during the periods presented.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE E – PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following at June 30:

<u>Asset Type</u>	<u>Estimated useful lives (in years)</u>	<u>2011</u>	<u>2010</u>
Buildings improvements and site prep Improvements	15	\$ 1,560	\$ 1,437
Furniture, fixtures and office equipment	7	783	687
Computer hardware	3 to 5	1,726	820
Software	3	3,120	1,976
Machinery and equipment	7	453	361
Fiber optic equipment	8	2,904	2,904
Circuit switch equipment	10	7,283	6,034
Packet switch equipment	5	7,520	3,096
Fiber optic network	20	<u>4,691</u>	<u>3,480</u>
Depreciable property and equipment		30,040	20,795
Land	N/A	2,898	2,898
Construction in progress	N/A	<u>664</u>	<u>792</u>
Total property and equipment		33,602	24,485
Less accumulated depreciation		<u>(14,223)</u>	<u>(6,891)</u>
Net book value		<u>\$19,379</u>	<u>\$17,594</u>

Total depreciation expense during the year ended June 30, 2011 was \$2,904 and for the period from March 12, 2010 to June 30, 2010 was \$894.

**NOTE F – INTANGIBLE ASSETS**

Intangible assets consist of the following at June 30:

	<u>2011</u>		<u>2010</u>	
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>
Definite-lived:				
Customer relationships	\$10,661	\$6,750	\$ 4,723	\$2,274
Non-compete agreements	<u>191</u>	<u>122</u>	<u>191</u>	<u>92</u>
	10,852	<u>\$6,872</u>	4,914	<u>\$2,366</u>
Accumulated amortization	<u>(6,872)</u>		<u>(2,366)</u>	
Net amortizable intangibles	3,980		2,548	
Indefinite-lived:				
Trademarks/tradenames	<u>1,921</u>		<u>1,921</u>	
Intangible assets, net	<u>\$ 5,901</u>		<u>\$ 4,469</u>	

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE F – INTANGIBLE ASSETS – Continued

The amortization of intangible assets for the year ended June 30, 2011 was \$1,000 and for the period from March 12, 2010 to June 30, 2010 was \$111. Estimated future amortization of intangible assets is as follows:

Year ending June 30,	
2012	\$1,705
2013	1,705
2014	<u>570</u>
	<u>\$3,980</u>

Customer relationships are being amortized on a straight-line basis over six years. Non-compete agreements are being amortized on a straight-line basis over the expected period of the contracts. Trademarks assets are indefinite lived intangible assets and are not amortizable but reviewed for impairment on an annual basis.

NOTE G – LONG-TERM DEFERRED REVENUE

The long term deferred revenue balance as of June 30, 2011 and 2010 was \$379 and \$303, respectively. The balance includes \$303 as of June 30, 2011 and 2010 that consisted of a mortgage agreement and grant agreement with the City of Halstad. These agreements with the City of Halstad had been entered into by Onvoy in May 2006, to operate a telecommunications operator service center in Halstad, Minnesota. As an incentive to choose Halstad as the location, the City of Halstad offered both a building and monetary contributions with requirements that Onvoy use the building as a staffed operator service center with specific, minimum full time equivalent employees for ten years. If the Company meets the conditions in the agreement, any obligations to repay the city of Halstad will be reduced over time.

Deferred revenue is expected to be recognized as follows:

Year ending June 30,	
2012	\$ 61
2013	61
2014	61
2015	60
2016	<u>60</u>
	<u>\$303</u>

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE H – LEASES

Operating leases

The Company leases office space and equipment under non-cancelable operating leases. Lease expense was \$687 for the year ended June 30, 2011 and \$208 for the period from March 12, 2010 to June 30, 2010.

Minimum contractual lease payments due each year on or before June 30 under the Company's long-term operating leases, including payments for the leased facility included in the restructuring accrual (see Note L), are as follows:

Year ending June 30,	
2012	\$629
2013	264
2014	3
2015	<u>1</u>
	<u>\$897</u>

NOTE I – INCOME TAXES

The Company is included in a consolidated tax group and is taxed at its parent level. The parent is a holding company with no operations and therefore the tax balances are pushed down to the Company.

The tax effect of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Deferred income tax assets		
Net operating loss carryforwards	\$18,530	\$21,902
Allowance for doubtful accounts	2,974	841
Accrued expenses	398	1,202
Equity investments in unconsolidated entities	<u>319</u>	<u>-</u>
Total deferred income tax assets	<u>22,221</u>	<u>23,945</u>
Deferred income tax liabilities		
Property and equipment	5,068	5,488
Intangible assets	<u>2,250</u>	<u>1,614</u>
Total deferred income tax liabilities	<u>7,318</u>	<u>7,102</u>
Net deferred income tax assets	<u>\$14,903</u>	<u>\$16,843</u>

Onvoy, Inc.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE I – INCOME TAXES – Continued**

The Company has available NOL carryforwards of approximately \$44,088 at June 30, 2011 and \$54,163 at June 30, 2010. The net operating loss carryforwards expire, if unused, in years 2015 through 2027. On November 7, 2007, Onvoy, Inc. underwent a change in ownership within the meaning of Section 382 of the Internal Revenue Code ("IRC Sec. 382") due to the acquisition by the Zayo Group. As a result, the pre-change net operating losses and tax credit carryforwards are subject to an annual limitation based upon (i) the aggregate fair market value of business operations immediately before the ownership change multiplied by (ii) the federal long-term tax exempt rate (within the meaning of IRC Sec. 382(f)) in effect at that time. Based upon the price paid for the common stock of Onvoy, the annual limitation is approximately \$3.5 million. The annual limitation is cumulative. Therefore, if not fully utilized in a year, it is carried forward for utilization in future years.

**NOTE J – ACCRUED LIABILITIES**

Accrued liabilities included the following at June 30:

	<u>2011</u>	<u>2010</u>
Accrued bonus	\$ 325	\$326
Accrued professional fees	413	265
Accrued payroll	14	25
Accrued real estate	820	1,545
Accrued vacation	283	212
Received purchase orders	107	278
Other	<u>2,466</u>	<u>990</u>
Total	<u>\$4,428</u>	<u>\$3,641</u>

**NOTE K – LONG TERM DEBT**

On September 7, 2010, the Company entered into a Credit Agreement with SunTrust Bank for a \$20 million term loan (the "Term Loan"). The note is payable in quarterly installments of \$625 beginning on January 1, 2011 and going through July 1, 2014 with any remaining unpaid principal and interest due on the maturity date of September 5, 2014. The Term Loan interest rate is equal to the base rate plus 3.5% through September 10, 2010 and subsequent to that date the Company has the option to choose whether the advances are base rate advances or Eurodollar advances. Interest on base rate advances is at the base rate plus 3.5% and interest on Eurodollar advances is at the Eurodollar basis plus 4.5%. The base rate is the highest of (a) the prime rate, (b) the Federal Funds Rate plus 0.5% or (c) the Eurodollar Rate. The Eurodollar basis is equal to the Eurodollar rate divided by one minus the Eurodollar reserve percentage (as defined in the credit agreement). The loan is secured by the Company's assets (excluding ZEN) and the Company is also required to maintain certain financial covenants. As of June 30, 2011, the weighted average interest rate was 4.85%.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE K – LONG TERM DEBT – Continued

Debt issuance costs

Debt issuance costs have been capitalized on the accompanying consolidated balance sheets and are being amortized using the effective interest rate method over the term of the credit agreement, unless terminated earlier, at which time the unamortized costs are immediately expensed. The balance of debt issuance costs as of June 30, 2011 was \$388 (\$546 total net of accumulated amortization of \$158). Interest expense associated with the amortization of debt issuance costs was \$158 for the year ended June 30, 2011.

Debt covenants

The Company's credit agreement associated with the debt contains two financial covenants: (1) a total leverage ratio and (2) a minimum fixed charge coverage ratio.

*Total leverage ratio:* The Company must not exceed a consolidated leverage ratio (funded debt to EBITDA), as determined under the credit agreement, beginning at 2.50x for the quarter ended December 31, 2010 to 1.00x for quarters ending March 31, 2013 or later.

*Fixed charge coverage ratio:* The Company must maintain a consolidated fixed charge coverage ratio, as determined under the credit agreement, beginning at 1.75x for the quarter ended December 31, 2010 to 2.25x for quarters ending June 30, 2011 or later.

The Company's credit agreement contains customary representations and warranties, affirmative and negative covenants, mandatory prepayments (including 50% of excess cash flow) and customary events of default, including among others, non-payment of principal, interest or other amounts when due, inaccuracy of representations and warranties, breach of covenants, cross default to indebtedness in excess of \$100 thousand, insolvency or inability to pay debts, bankruptcy, or a change of control.

The Company was in compliance with all covenants associated with its credit agreement as of June 30, 2011.

NOTE L – EQUITY

Upon the contribution of the OVS segment to the Company on March 11, 2010, the Company recorded a capital contribution from Holdings in the amount of \$42,539, which represented the net book value of the assets and liabilities of the OVS segment on the contribution date. During the period from March 12, 2010 to June 30, 2010, the Company also made \$2,800 in dividend payments to Holdings, resulting in a \$2,800 reduction to the Company's additional paid in capital balance. During this period, the additional paid in capital balance was also reduced by \$236 as a result of the settlement of an affiliate receivable from Holdings.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE L – EQUITY – Continued

In connection with the contribution of the OVS segment to Onvoy, the Company entered into a tax-sharing agreement with Zayo Group and Holdings. The agreement allows for the sharing of the Holdings NOL carryforward balance between the Company and Zayo Group, however, to the extent that any entity utilizes NOLs that were generated by another entity, the entities will settle the related-party transfer of deferred tax asset associated with such NOLs and other deferred-tax transfers between the companies via an increase or decrease to the respective entities' member's equity. During the period from March 12, 2010 through June 30, 2010, Zayo Group utilized \$3,001 of gross NOLs of the Company resulting in a non-cash capital distribution to Zayo Group via Holdings in the amount of \$1,200 during the period.

During the year ended June 30, 2011, the Company's additional paid in capital balance increased by \$6,368 as a result of the contribution of the ZEN segment to the Company.

During the year ended June 30, 2011, the Company's additional paid in capital balance also increased by \$2,653 as a result of non cash settlements with Holdings. These non-cash settlements relate to Zayo Group's utilization of \$10,990 of the Company's NOLs resulting in a non-cash capital distribution to Holdings in the amount of \$3,737. Offsetting this decrease to additional paid in capital during the year ended June 30, 2011 was a \$5,955 adjustment to the allocation of the deferred tax liabilities of Holdings from the Company to Zayo Group. Additionally, during the year ended June 30, 2011, the Company settled net related-party payables in the amount of \$435 via a non-cash investment from Holdings resulting in an increase to the Company's member's interest account.

On September 8, 2010, the Company contributed \$19,500 in cash to Holdings. The source of the cash was from the net proceeds of the Term Loan. The Company recorded the distribution as a dividend to Holdings up to the amount of the Company's retained earnings balance of \$2,596 on September 8, 2010 and the remaining \$16,904 was recorded as a return of capital contributions on the accompanying statement of stockholder's equity. The Company made additional distributions of \$1,450 to Holdings in the year ended June 30, 2011 that were reflected as return of capital contributions.



Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

NOTE M – COMMITMENTS AND CONTINGENCIES

Acquired leases

With its acquisition of Onvoy, Inc. on November 7, 2007, Zayo Group, LLC assumed an operating lease and related operating costs associated with the building at 300 South Highway 169, St. Louis Park, MN. As part of the acquisition, Zayo Group, LLC planned on exiting the unused portion of this facility as a portion of the lease was determined to be an idle facility. Zayo Group, LLC recorded a restructuring accrual of \$2,857 for the estimated fair value of the remaining payments relating to the lease in accordance with EITF 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination*. In connection with the contribution of the OVS segment to Onvoy, the Company retained this restructuring liability. During the year ended June 30, 2011, the Company utilized \$582 of this restructuring accrual and for the period from March 12 to June 30, 2010, the Company utilized \$153 of this restructuring accrual. The remaining liability at June 30, 2011 was \$699, which is recorded in accrued real estate (Note J).

Legal liability reserve

The Company's rate of return subsidiary, MIEAC, is currently involved in litigation with Sprint that relates to disputed billings. Sprint submitted a written dispute to the Company on May 19, 2009 while the Company was owned by Zayo Group, LLC. Sprint's dispute related to Sprint traffic that was delivered by Sprint to MIEAC and routed by MIEAC to the proper local exchange carriers over MIEAC's network and which was invoiced to Sprint in accordance with tariffs filed at the Federal Communications Commission. Sprint disputes the nature of the traffic being delivered to the local exchange carriers as not being eligible for access charges. As of June 30, 2011, Sprint has not made payment for any invoices dating back to May 1, 2009. MIEAC filed suit against Sprint on June 21, 2010 to collect these invoiced amounts that are due. Sprint filed a counter claim for amounts paid by Sprint for this traffic over the previous two years, amounting to approximately \$3 million.

On June 10, 2011, the Court heard oral arguments on MIEAC's motion to dismiss the counterclaim, Sprint's Motion for Stay, and MIEAC's motion for partial summary judgment. On August 15, 2011, the Court denied MIEAC's motion to dismiss and its motion for summary judgment without prejudice and referred the case to the FCC under the doctrine of primary jurisdiction.

The Company has recognized an estimate of the outcome for resolution with Sprint based on the Company's assessment of the facts and circumstances. The final resolution may be different than what the Company has recorded at June 30, 2011. Subsequent to filing suit against Sprint, the Company has determined that collectability is in doubt and has begun to reserve for all revenue associated with future billings to Sprint effective with fiscal 2011. The Company had legal reserves of \$121 at June 30, 2011 and \$149 at June 30, 2010 for expected legal costs associated with this litigation. The Company may incur additional legal costs in the future depending on the progress of the litigation.

Onvoy, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED

June 30, 2011 and 2010

(All amounts in thousands)

**NOTE N – RELATED PARTY TRANSACTIONS**

The Company sells services to Zayo Bandwidth and Zayo Colocation under contracts executed between those companies. The Company also purchases services from Zayo Bandwidth, Zayo Enterprise Networks, Zayo Colocation and Zayo Group under contracts executed between those companies. The following lists the various services provided to and by Zayo Group and its subsidiaries:

*Services provided to Onvoy from Zayo Group, LLC*

- Transport services for circuits.
- Leases of colocation racks in various markets.
- Fiber and optronics management.

*Services provided by Onvoy to Zayo Group, LLC*

- Agent fee services detailing customer referrals.
- Fiber IRU services related to fiber in Minnesota.
- Transport services covering lit services.
- Hosted PBX and IP services for voice services and dedicated Internet access
- Sublease for space in Minneapolis and Plymouth, Minnesota.
- Long distance/toll free services, operator services, directory assistance, local voice services, dedicated PRI and DS-0 services, and switching services.

The Company recognized \$1,982 of revenue and \$5,092 of expenses from transactions with Zayo Group during the year ended June 30, 2011. The Company recognized \$739 of revenue and \$1,441 of expenses from transactions with Zayo Group during the period from March 12, 2010 to June 30, 2010.

As of June 30, 2011 the Company had a balance due to Zayo Group in the amount of \$187.

**NOTE O – SEGMENT REPORTING**

ASC 280-10-50 defines an operating segment as a component of an entity that has all of the following characteristics:

- It engages in business activities from which it may earn revenues and incur expenses.
- Its operating results are regularly reviewed by the public entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.
- Its discrete financial information is available.

**Onvoy, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – CONTINUED**

**June 30, 2011 and 2010**

**(All amounts in thousands)**

**NOTE O – SEGMENT REPORTING – Continued**

The Company has historically operated as a single business segment; however, in connection with the contribution of the ZEN segment, effective April 1, 2011, the Company began operating as two business segments. The Company's business segments are defined by the product sets they offer. OVS offers wholesale voice services to other telecommunications providers in the United States and, ZEN provides retail enterprise customers with converged and data communications services.

Revenues for all of the Company's products are included in one of these two business segments.

	<u>For the year ended June 30, 2011</u>		
	<u>OVS</u>	<u>ZEN</u>	<u>Total</u>
Revenue	\$49,199	\$5,433	\$54,632
Intersegment revenue	(373)	(48)	(421)
Revenue from external customers	48,826	5,385	54,211
Depreciation and amortization	3,330	574	3,904
Operating income/(loss)	6,299	(71)	6,228
Interest expense	(966)	-	(966)
Total assets	51,817	7,248	59,065
Capital expenditures	1,752	56	1,808

**NOTE P – SUBSEQUENT EVENTS**

The Company evaluated its June 30, 2011 consolidated financial statements for subsequent events through September 9, 2011, the date the financial statements were available to be issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the consolidated financial statements, except as disclosed in Note M.

## **SUPPLEMENTARY INFORMATION**

**Report of Independent Certified Public Accountants on Supplementary  
Information Accompanying the Basic Consolidated Financial Statements**

Management  
Onvoy, Inc.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole of Onvoy, Inc. as of June 30, 2011 and 2010 and for the year ended June 30, 2011 and the period from March 12, 2010 to June 30, 2010, which are presented in the preceding section of this report. The consolidating information presented on pages 27 and 28 is presented for purposes of additional analysis of the basic consolidated financial statements rather than to prevent the financial position and results of operations of the individual companies and is not a required part of the basic consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*Grant Thornton LLP*

Minneapolis, Minnesota  
September 9, 2011

Onvoy, Inc.

CONSOLIDATING BALANCE SHEET

June 30, 2011

(in thousands)

Assets	Onvoy, Inc.	Zayo Enterprise Networks	Combined	Eliminations	Total
<b>Current assets</b>					
Cash and cash equivalents	\$ 7,680	\$ 880	\$ 8,560	\$ -	\$ 8,560
Trade receivables, net of allowances	6,145	868	7,013	-	7,013
Other receivables	580	-	580	-	580
Prepaid expenses	251	332	583	-	583
Deferred income taxes	3,183	260	3,443	-	3,443
Total current assets	17,839	2,340	20,179	-	20,179
 Property and equipment, net of accumulated depreciation	16,137	3,242	19,379	-	19,379
Intangible assets, net of accumulated amortization	3,705	2,196	5,901	-	5,901
Goodwill	-	897	897	-	897
Deferred income taxes	13,043	(1,583)	11,460	-	11,460
Debt issuance costs	388	-	388	-	388
Other assets	705	156	861	-	861
 Total assets	\$ 51,817	\$ 7,248	\$ 59,065	\$ -	\$ 59,065
 <b>Liabilities and stockholder's equity</b>					
<b>Current liabilities</b>					
Accounts payable	\$ 2,231	\$ 475	\$ 2,706	\$ -	\$ 2,706
Accrued liabilities	3,680	748	4,428	-	4,428
Deferred revenue	-	91	91	-	91
Debt - current	2,500	-	2,500	-	2,500
Due to related party	(48)	235	187	-	187
Total current liabilities	8,363	1,549	9,912	-	9,912
 Senior debt	16,250	-	16,250	-	16,250
 Share based compensation	2,426	169	2,595	-	2,595
Deferred revenue	303	76	379	-	379
Other long-term liabilities	112	-	112	-	112
 Total liabilities	27,454	1,794	29,248	-	29,248
 <b>Stockholder's equity</b>					
Common stock	-	-	-	-	-
Additional paid in capital	23,448	5,522	28,970	-	28,970
Retained earnings	915	(68)	847	-	847
Total stockholder's equity	24,363	5,454	29,817	-	29,817
 Total liabilities and stockholder's equity	\$ 51,817	\$ 7,248	\$ 59,065	\$ -	\$ 59,065

Onvoy, Inc.

CONSOLIDATING STATEMENT OF OPERATIONS

Year ended June 30, 2011

(in thousands)

	Onvoy, Inc.	Zayo Enterprise Networks (1)	Combined	Eliminations	Total
Revenue	\$ 49,199	\$ 5,433	\$ 54,632	\$ (421)	\$ 54,211
Operating costs and expenses					
Operating costs, excluding depreciation and amortization	27,381	3,082	30,463	(414)	30,049
Selling, general and administrative expenses	10,719	1,786	12,505	(7)	12,498
Share based compensation	1,470	62	1,532	-	1,532
Depreciation and amortization	3,330	574	3,904	-	3,904
Total operating costs and expenses	<u>42,900</u>	<u>5,504</u>	<u>48,404</u>	<u>(421)</u>	<u>47,983</u>
Operating income (loss)	6,299	(71)	6,228	-	6,228
Interest expense and other	<u>(966)</u>	<u>-</u>	<u>(966)</u>	<u>-</u>	<u>(966)</u>
Income (loss) before income taxes	5,333	(71)	5,262	-	5,262
Provision (benefit) for income taxes	<u>2,730</u>	<u>(3)</u>	<u>2,727</u>	<u>-</u>	<u>2,727</u>
Net income (loss)	<u>\$ 2,603</u>	<u>\$ (68)</u>	<u>\$ 2,535</u>	<u>\$ -</u>	<u>\$ 2,535</u>

(1) Amounts for Zayo Enterprise Networks are for the period from April 1, 2011 (date of spin-off) to June 30, 2011.

## **EXHIBIT A**

### **Management Biographies**

#### **Fritz Hendricks**

##### **President**

Fritz Hendricks has more than 27 years of experience in the telecommunications industry. Fritz was COO prior to becoming the president of Onvoy, Inc. As COO of Onvoy he was responsible for Engineering, Operations, Information Technology, Product Innovations, Product Management, Market Development and Customer Care.

Fritz started his career working at Cox Communications delivering competitive telecom services using a hybrid fiber coax system. After Cox, he had a 17 year career with US WEST/Qwest (now CenturyLink) where he held leadership positions in center and field operations, next generation business and technology planning, engineering, and systems automation culminating as the Vice President of Operations for Qwest Global Services.

Fritz has served as the Chairman of the Minnesota Telecom Alliance Technology and Engineering Board and on the Best Prep Tech Corp Board of Directors, a non-profit organization that supports the advancement of technology education in public schools.

Fritz holds a Bachelor of Science degree from the University of Bellevue and is a graduate of the Carnegie Mellon Information Networking Institute for Advance Telecommunication Innovation.

#### **Teri Asiala**

##### **Director – Product Management**

Teri rejoined Onvoy in 2008 and runs Product Management, Sales and Sales Engineering. She has 20 years of experience in the telecommunications industry starting her telecom career as one of the founding employees of Onvoy (MEANS) in 1992. As Director of IT, Teri led the IT, Customer Care, ISP and Product Development organizations before leaving in 1998 to join Ovation Communications. Ovation was later purchased by McLeodUSA, where Teri became the VP of the IT organization and was a member of the Executive team.

After leaving McLeodUSA, she became an independent management consultant and assisted numerous CLECs and ILECs with all aspects of their business including regulatory and interconnection support, revenue assurance, operational processes and IT support.

#### **Paul Hoff**

##### **Vice President – Industry Relations**

Paul Hoff is Industry VP at Onvoy where he oversees all initiatives related to local exchange carriers and their CLECs, IXCs, Wireless, CATV, and ISP operations. Paul manages sales, industry relations and assists with business development responsibilities as well as regulatory and legislative interaction. Paul has over 40 years of experience as CEO in both regulated and deregulated business in the telecom sector. He was instrumental in founding numerous network companies and is past Board Chair/CEO of the National Exchange Carrier Association as well as President of the Minnesota Telephone Association.



Paul currently serves on the West Central Transport Company Board of Directors for Zayo Group Holdings, Inc.

**Michael Donahue**  
**Chief Financial Officer**

Michael Donahue has more than 23 years of experience in the telecommunications industry and been with Onvoy since 2008. Prior to joining Onvoy Voice Services, Mike was VP of Finance/Treasurer at Eschelon Telecom and was also VP of Accounting/Controller. Mike was one of the original employees at Eschelon and had at various times responsibilities over all aspects of Finance and Accounting including the companies Initial Public Offering and successful sale to Integra Telecom.

Prior to Eschelon, Mike worked at Enhanced TeleManagement and Frontier in various Accounting and Finance management roles.

Mike holds an MBA in Finance and BSB degree in Accounting – both from the Carlson School of Business at the University of Minnesota and is a Certified Public Accountant.

**Scott Sawyer**  
**General Counsel**

Scott joined Onvoy in 2009. He has over 20 years of experience representing telecommunications carriers in legal and regulatory matters. Before joining Onvoy, Mr. Sawyer was engaged in private practice, where he provided legal and regulatory advice to competitive local exchange carriers and network providers.

Before that, Scott served as Vice President of Regulatory Affairs and Counsel for Conversent Communications, where he was responsible for all advocacy before the FCC, Congress, and state public utility commissions; for compliance with laws, rules and regulations; for the negotiation and arbitration of interconnection agreements and other commercial contracts; and for supporting sales, engineering, customer care, and finance.

Scott has a law degree from Northeastern University, a Masters in Public Affairs from the University of Texas and a BA from Bowdoin College.

**Gary Kosin**  
**Director - Engineering**

Gary is a 30 year industry veteran and has been with Onvoy since 1996. He held the Director of Engineering position since 1998 with responsibilities including Engineering Planning and Implementation for the Voice and Transport network infrastructure. Gary was also responsible for service activation and provisioning for all Onvoy services.

In his current role, Gary is responsible for all engineering, provisioning and operational support associated with Voice switching including LD, Operator Services, Directory Services, Database Services and SS7.

Prior to joining Onvoy, Gary held various engineering, process development and project management positions in US WEST(now Qwest)

**John Hanna**

**Director – Information Technology**

John Hanna has 20 years of experience in the IT field, 17 years of which are in the telecommunications industry.

John started his career at US West as a developer and worked his way up to Distinguished Principle Systems Architect where he designed and led the development of systems core to supporting Frame Relay, ATM, and DSL.

John is on the Steering Committee for the Minnesota Telecom Alliance IT Peering Group.

John holds a Bachelor of Science degree in Computer Science from the University of Minnesota - Twin Cities.

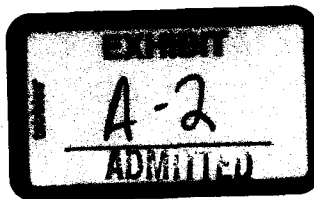
**Melody Varnum****Call Center Manager and Product Manager of Call Center Services**

Melody has 15 year experience in Call Center Services and has been with Onvoy since 1995. She has held several positions within the call centers including Call Center Supervisor, Call Center Manager and has taken on Call Center Product Manager responsibilities since 2008. Melody was also responsible for coordination and implementation of Onvoy's redundant Call Center in 2006.

In her current role, Melody is responsible for Call Center Development, Product Management, and Management of Onvoy's Call Centers providing Operator Services, Directory Assistance, After Hour Repair and Answering Service product lines.

Melody has a degree in Business Administration from MidAmerica Nazarene University.

Onvoy, Inc.  
d/b/a Onvoy Voice Services



Arizona Tariff No. 1  
Original Title Page

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INTRASTATE LOCAL SERVICE

ONVOY, INC.

D/B/A ONVOY VOICE SERVICES

REGULATIONS AND SCHEDULE OF CHARGES

APPLYING TO

INTRASTATE LOCAL SERVICE

FURNISHED BY ONVOY, INC.

IN THE STATE OF ARIZONA

This tariff ("Tariff") contains the descriptions, regulations, and rates applicable to the furnishing of local services offered by Onvoy, Inc. to Customers located within the State of Arizona. This Tariff is on file with the Arizona Corporation Commission.

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Issued:

Onvoy Regulatory Manager  
300 South Highway 169, Suite 700  
Minneapolis, Minnesota 55426

Effective:

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INTRASTATE LOCAL SERVICE

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INTRASTATE LOCAL SERVICE

CONCURRING CARRIERS

None

CONNECTING CARRIERS

None

PARTICIPATING CARRIERS

None

REGISTERED SERVICE MARKS

None

REGISTERED TRADEMARKS

None

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INTRASTATE LOCAL SERVICE

EXPLANATION OF SYMBOLS

The following symbols shall be used in this tariff for the purpose indicated below:

- C - To signify changed regulation.
- D - To signify discontinued rate or regulation.
- I - To signify increased rate.
- M - To signify a move in the location of text.
- N - To signify new rate or regulation.
- R - To signify reduced rate.
- S - To signify reissued matter.
- T - To signify a change in text but no change in rate or regulation.

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INTRASTATE LOCAL SERVICE

SECTION 1 - APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of competitive intrastate local services within Arizona by Onvoy, Inc. d/b/a Onvoy Voice Services (hereinafter the Company).

This tariff is on file with the Arizona Corporation Commission, and will be maintained and made available for inspection during normal business hours at the Company's principal place of business: 300 South Highway 169, Suite 700, Minneapolis, MN 55426. This tariff is also available on the Company's web site at [www.onvoy.com](http://www.onvoy.com).

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Onvoy Regulatory Manager  
300 South Highway 169, Suite 700  
Minneapolis, Minnesota 55426

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company

A. Scope

- (1) The Company shall be responsible only for the installation, operation and maintenance of the services it provides.
- (2) The Company will, for maintenance purposes, test its services only to the extent necessary to detect and/or clear troubles.
- (3) The Company will provide services subject to the availability of facilities.
- (4) When and where facilities are so available, the Company will provide services 24 hours daily, seven days per week, except as set forth in other applicable sections of this tariff.
- (5) The Company does not warrant that its facilities and services meet standards other than those set forth in this tariff.

B. Limitations

- (1) The Customer may not assign or transfer the use of services provided under this tariff; however, where there is no interruption of use or relocation of the services, such assignment or transfer may be made to:
  - (a) another Customer, whether an individual, partnership, association or corporation, provided the assignee or transferee assumes all outstanding indebtedness for such services, and the unexpired portion of the minimum period and the termination liability applicable to such services, if any; or



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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

B. Limitations (Continued)

(1) (Continued)

- (b) court-appointed receiver, trustee or other person acting pursuant to law in bankruptcy, receivership, reorganization, insolvency, liquidation or other similar proceedings, provided the assignee or transferee assumes the unexpired portion of the minimum period and the termination liability applicable to such services, if any.

In all cases of assignment or transfer, the written acknowledgment of the Company is required prior to such assignment or transfer which acknowledgment shall be made within fifteen (15) days from the receipt of notification. All regulations and conditions contained in this tariff shall apply to such assignee or transferee.

The assignment or transfer of services does not relieve or discharge the assignor or transferor from remaining jointly or severally liable with the assignee or transferee for any obligations existing at the time of the assignment or transfer.

- (2) The use and restoration of services shall be in accordance with Part 64, Subpart D or the Federal Communications Commission's Rules and Regulations, which specifies the priority system for such activities.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

B. Limitations (Continued)

- (3) Subject to compliance with the limitations in this Section 2.I.B, the services offered herein will be provided to Customers on a first-come, first-served basis. First-come, first-served shall be based upon the received time and date stamped by the Company on Customer orders which contain the information as required for each respective service as delineated in other sections of this tariff. Customer orders shall not be deemed to have been received until such information is provided. Should questions arise which preclude order issuance due to missing information or the need for clarification, the Company will attempt to seek such missing information or clarification on a verbal basis.

C. Liability

- (1) With respect to any claim or suit, by a Customer or by any others, for damages associated with the installation, provision, termination, maintenance, repair or restoration of service, and subject to the provisions of this Section 2.I.C, the Company's liability, if any, shall not exceed an amount equal to the proportionate charge for the service for the period during which the service was affected. This liability for damages shall be in addition to any amounts that may otherwise be due the Customer under this tariff as a Credit Allowance for a Service interruption.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

C. Liability (Continued)

- (2) The Company shall not be liable for any act or omission of any other carrier or customer providing a portion of a service, nor shall the Company for its own act or omission hold liable any other carrier or customer providing a portion of a service.
- (3) Emergency 911 Service is offered solely as an aid in handling assistance calls in connection with fire, police and other emergencies. Company is not responsible for any losses, claims, demands, suits or any liability whatsoever, whether suffered, made, instituted or asserted by the customer, or by any other party or person, for any personal injury to or death of any person or persons, or for any loss, damage or destruction of any property, whether owned by the customer or others, caused or claimed to have been caused by: (i) mistakes, omissions, interruptions, delays, errors or other defects in the provision of this service; or (ii) installation, operation, failure to operate, maintenance, removal, presence, condition, location or use of any equipment and facilities furnishing this service. Neither is Company responsible for any infringement or invasion of the right of privacy of any person or persons, caused or claimed to have been caused, directly or indirectly, by the installation, operation, failure to operate, maintenance, removal, presence, condition, occasion or use of Emergency 911 service features and the equipment associated therewith, or by any services furnished by Company, including, but not limited to, the identification of the telephone number, address or name associated with the telephone used by the party or parties accessing Emergency 911 service, and which arises out of the negligence or other wrongful act of Company, the customer, its users, agencies or municipalities, or the employees or agents of any one of them.
- (4) The Company shall be indemnified, defended and held harmless by the Customer against any claim, loss or damage arising from its use of services offered under this tariff, involving:
  - (a) Claims for libel, slander, invasion of privacy, or infringement of copyright arising from any communications;
  - (b) Claims for patent infringement arising from combining or using the service furnished by the Company in connection with facilities or equipment furnished by the Customer; or

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

C. Liability (Continued)

- (c) All other claims arising out of any act or omission of the Customer in the course of using services provided pursuant to this tariff.
- (5) The Company does not guarantee or make any warranty with respect to its services when used in an explosive atmosphere. The Company shall be indemnified, defended and held harmless by the Customer from any and all claims by any person relating to the Customer's use of services so provided.
- (6) With respect to the provision of directory listing service, no liability for damages arising from publishing the telephone number of Non-Published service in the telephone directory or disclosing the telephone number to any person shall attach to the Company. Where such number is published in the telephone directory, the Company's liability shall be limited to a refund not exceeding the amount of any charges associated with the directory listing in which the error or omission occurs. Company in accepting listings as prescribed by applicants or customers, will not assume responsibility for the result of the publication of such listings in directories, nor will the company be a party to controversies arising between customers or others as a result of such publication.
  - (a) The customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused, directly or indirectly, by refusing to disclose a Non-Published telephone number upon request or by the publication of the number of a Non-Published service in the telephone directory or disclosing of such number to any person.
  - (b) When a customer with a Non-Published telephone number places a call to the Emergency 911 service, Company will release the name and address of the calling party, where such information can be determined, to the appropriate local governmental authority responsible for the Emergency 911 service. By subscribing to service under this Tariff, the customer agrees to the release of such information under the above provision.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

C. Liability (Continued)

- (c) The customer indemnifies and saves the Company harmless against any and all claims for damages caused or claimed to have been caused directly or indirectly by the publication of a listing which the customer has requested be omitted from the telephone directory or the disclosing of such a listing to any person. Where such a listing is published in the telephone directory, the Company's liability shall be limited to a refund of any monthly charges assessed by the Company for the particular Non-Listed service.
- (7) No license under patents (other than the limited license to use) is granted by the Company or shall be implied or arise by estoppel, with respect to any service offered under this tariff. The Company will defend the Customer against claims of patent infringement arising solely from the use by the Customer of services offered under this tariff and will indemnify such Customer for any damages awarded based solely on such claims.
- (8) The Company's failure to provide or maintain services under this tariff shall be excused by labor difficulties, governmental orders, civil commotions, criminal actions taken against the Company, acts of God and other circumstances beyond the Company's reasonable control, subject to the Credit Allowance for a Service Interruption as set forth in Section 2.IV.D following.

D. Provision of Services

The services offered under the provisions of this tariff are subject to the availability of facilities. The Company, to the extent that such services are or can be made available with reasonable effort, will provide to the customer, upon reasonable notice, services offered in other applicable sections of this tariff at rates and charges specified therein.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

E. Service Maintenance

The services provided under this tariff shall be maintained by the Company. The customer or others may not rearrange, move, disconnect, remove or attempt to repair any facilities provided by the Company, other than by connection or disconnection to any interface means used, except with the written consent of the Company.

F. Changes and Substitutions

Except as provided for equipment and systems subject to F.C.C. Part 68 Regulations at 47 C.F.R. Section 68.110(b), the Company may, where such action is reasonably required in the operation of its business, (1) substitute, change or rearrange any facilities used in providing service under this tariff, (2) change minimum protection criteria, (3) change operating or maintenance characteristics of facilities or (4) change operations or procedures of the Company. In case of any such substitution, change or rearrangement, the transmission parameters will be within the ranges set forth in Sections 4 and 5 following. The Company shall not be responsible if any such substitution, change or rearrangement renders any customer furnished services obsolete or requires modification or alteration thereof or otherwise affects their use or performance.

If such substitution, change or rearrangement materially affects the operating characteristics of the facility, the Company will provide reasonable notification to the customer in writing. Reasonable time will be allowed for any redesign and implementation required by the change in operating characteristics. The Company will work cooperatively with the customer to determine reasonable notification procedures.

G. Refusal and Discontinuance of Service

- (1) If the customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on five (5) days' written notice, refuse additional applications for service and/or refuse to complete any pending orders for service at any time thereafter.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

G. Refusal and Discontinuance of Service (Continued)

- (2) If the customer fails to comply with Section 2.I.F preceding or Sections 2.II, 2.III or 2.IV following, including any payments to be made by it on the dates and times herein specified, the Company may, on five (5) days' written notice, discontinue the provision of the services involved at any time thereafter. In the case of such discontinuance, all applicable charges, including termination charges, shall become due. If the Company does not discontinue the provision of the services involved on the date specified in the notice, and the customer's noncompliance continues nothing contained herein shall preclude the Company's right to discontinue the provision of the services involved without further notice to the noncomplying customer.

H. Notification of Service-Affecting Activities

The Company will provide the customer timely notification of service-affecting activities that may occur during the normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements, routine preventative maintenance and major switching machine change-out. Generally, such activities are not individual customer service specific; they affect many customer services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the customer to determine reasonable notification requirements. With some emergency or unplanned service-affecting conditions, such as an outage resulting from cable damage, notification to the customer may not be possible.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

I. Undertaking of the Company (Continued)

I. Coordination with Respect to Network Contingencies

The Company intends to work cooperatively with the customer to develop network contingency plans in order to maintain maximum network capability following natural or man-made disasters which affect telecommunications services, subject to the Restoration Priority requirements of Part 64 of the F.C.C.'s Rules.

J. Provision and Ownership of Telephone Numbers

The Company reserves the reasonable right to assign, designate or change telephone numbers or the serving central office prefixes associated with such numbers when necessary in the conduct of its business. Should it become necessary to make a change in such number(s), the Company will furnish to the customer six (6) months' notice, by Certified U.S. Mail, of the effective date and an explanation of the reason (s) for such change(s). In the case of emergency conditions, however, e.g., a fire in a wire center, it may be necessary to change a telephone number without six (6) months' notice in order to provide service to the customer.

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Onvoy Regulatory Manager  
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Minneapolis, Minnesota 55426

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

II. Use

A. Interference or Impairment

- (1) The characteristics and methods of operation of any circuits, facilities or equipment provided by any party other than the Company and associated with the facilities utilized to provide services under this tariff shall not interfere with or impair service over any facilities of the Company or its affiliates; cause damage to their plant; impair the privacy of any communications carried over their facilities, or, create hazards to the employees of any of them or the public.
- (2) Except as provided for equipment or systems subject to the F.C.C. Part 68 Rules in 47 C.F.R. Section 68.108, if such characteristics or methods of operation are not in accordance with Section 2.II.A.1 preceding, the Company will, where practicable, notify the customer that temporary discontinuance of the use of a service may be required; however, where prior notice is not practicable, nothing contained herein shall be deemed to preclude the Company's right to temporarily discontinue forthwith the use of a service if such action is reasonable under the circumstances. In case of such temporary discontinuance, the customer will be promptly notified and afforded the opportunity to correct the condition which gave rise to the temporary discontinuance. During such period of temporary discontinuance, credit allowance for service interruptions, as set forth in 2.IV.D following, is not applicable.

B. Unlawful Use

The service provided under this tariff shall not be used for an unlawful purpose.

III. Obligations of the Customer

A. Damages

The customer shall reimburse the Company for damages to the Company facilities utilized to provide services under this tariff caused by the negligence or willful act of the customer, or resulting from improper use of the Company facilities, or due to malfunction of any facilities or equipment provided for or by the customer. Nothing in the foregoing provision shall be interpreted to hold one customer liable for another customer's actions. The Company will, upon reimbursement for damages, cooperate with the customer in prosecuting a claim against the person causing such damage and the customer shall be subrogated to the right of recovery by the Company for the damages to the extent of such payment.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

III. Obligations of the Customer (Continued)

B. Ownership or Control of Facilities

Facilities owned or leased by the Company and utilized by it to provide service under the provisions of this tariff shall remain the property of the Company. Such facilities shall be returned to the Company by the customer in as good a condition as reasonable wear will permit.

C. Availability for Testing

The facilities provided under this tariff shall be available to the Company at times mutually agreed upon in order to permit the Company to make tests and adjustments appropriate for maintaining the services in satisfactory operating condition. Such tests and adjustments shall be completed within a reasonable time. No credit will be allowed for any interruptions involved during such tests and adjustments.

D. Balance

All signals for transmission over the services provided under this tariff shall be delivered by the customer balanced to ground except for ground start, duplex (DX) and McCulloh-Loop (Alarm System) type signaling and dc telegraph transmission at speeds of 75 baud or less.

E. Design of Customer Services

Subject to the provisions of 1.VII preceding, the customer shall be solely responsible, at its own expense, for the overall design of its services and for any redesigning or rearrangement of its services which may be required because of changes in facilities, operations or procedures of the Company, minimum protection criteria or operating or maintenance characteristics of the facilities.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

III. Obligations of the Customer (Continued)

F. Claims and Demands for Damages

- (1) With respect to claims of patent infringement made by third persons, the customer shall defend, indemnify, protect, and save harmless the Company from and against all claims arising out of the combining with, or use in connection with, the services provided under this tariff, or any circuit, apparatus, system or method provided by the customer.
- (2) The customer shall defend, indemnify, and save harmless the Company from and against suits, claims, losses or damages including punitive damages, attorneys' fees and court costs by third persons arising out of the construction, installation, operation, maintenance, or removal of the customer's circuits, facilities, or equipment connected to the Company's services provided under this tariff, including, without limitation, Workmen's Compensation claims, actions for infringement of copyright and/or unauthorized use of program material, libel and slander actions based on the content of communications transmitted over the customer's circuits, facilities or equipment, and proceedings to recover taxes, fines, or penalties for failure of the customer to obtain or maintain in effect any necessary certificates, permits, licenses, or other authority to acquire or operate the services provided under this tariff.
- (3) The customer shall defend, indemnify, and save harmless the Company from and against any suits, claims, losses or damages, including punitive damages, attorneys, fees and court costs by the customer or third parties arising out of any act or omission of the customer in the course of using services provided under this tariff.

G. Coordination with Respect to Network Contingencies

The customer shall, in cooperation with the Company, coordinate in planning the actions to be taken to maintain maximum network capability following natural or man-made disasters which affect telecommunications services.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances

A. Payment of Rates, Charges and Deposits

- (1) The Company will, in order to safeguard its interests, require a Customer which has a proven history of late payments to the Company or which does not have established credit (except for a Customer which is a successor of a company which has established credit and has no history of late payments to the Company), to make a deposit prior to or at any time after the provision of a service to the Customer. The deposit will be held by the Company as guarantee of the payment of rates and charges. Such deposit may not exceed the actual or estimated rates and charges for the service for a two-month period. The fact that a deposit has been made in no way relieves the Customer from complying with the Company's regulations as to the prompt payment of bills.
- (2) Customers may satisfy deposit requirements as follows: in cash, certified funds, money orders, acceptable bank letter of credit, acceptable third party guarantee, or other forms of security acceptable to the company.
- (3) Deposits will be refunded to the Customer, along with accrued interest when one of the following conditions is met:
  - Service has been terminated or discontinued; or
  - A Customer is not currently delinquent and has made timely payment of bills for a period of twelve (12) consecutive months. Timely payment means that no more than two (2) bills during the previous twelve (12) months were paid beyond the due date; or
  - Service has not been suspended for non-payment with the previous twelve (12) months.When service has been terminated or disconnected, the Company will deduct any and all unpaid amounts from the deposit and the difference will be refunded. Deposits held for Customers will accrue interest at the rate of 6% per year (simple interest), and will be credited or paid to the Customer upon the termination of service.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

- (4) The Company shall bill on a current basis all charges incurred by, and credits due to, the Customer under this tariff attributable to services established or discontinued during the preceding billing period. In addition, the Company shall bill, in advance, charges for all services to be provided during the ensuing billing period except for charges associated with service usage which will be billed in arrears. The bill day (i.e., the billing date of a bill for a customer for PRI Service under this tariff), the period of service each bill covers and the payment date is as follows:
- (a) The Company will establish a bill day each month for each Customer account. The bill will cover non-usage sensitive service charges for the ensuing billing period for which the bill is rendered, any known unbilled non-usage sensitive charges for prior periods, and unbilled usage charges for the period after the last bill day through the current bill day. Any known unbilled usage charges for, prior periods and any known unbilled adjustments will be applied to this bill. Payment for such bills is due as set forth in (b) following. If payment is not received by the payment date, as set forth in (b) following, in immediately available funds, a late payment penalty will apply as set forth in (b) following.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

(4) (Continued)

- (b) All bills dated, as set forth in (a) preceding, for service provided to the customer by the Company, are due thirty (30) days (payment date) after the bill day and are payable in immediately available funds.

If such payment date would cause payment to be due on a Saturday, Sunday or Holiday (i.e., New Year's Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day and a day when Washington's Birthday, Memorial Day or Columbus Day is legally observed) payment for such bills will be due from the customer as follows:

If such payment date falls on a Sunday or on a Holiday which is observed on a Monday, the payment date shall be the first non-Holiday day following such Sunday or Holiday. If such payment date falls on a Saturday or on a Holiday which is observed on Tuesday, Wednesday, Thursday or Friday, the payment date shall be the last non-Holiday day preceding such Saturday or Holiday.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

(4) (Continued)

(b) (Continued)

Further, if any portion of the payment is received by the Company after the payment date as set forth in (a) preceding or if any portion of the payment is received by the Company in funds which are not immediately available to the Company, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the payment date times a late factor. The late factor is one and one-half percent (1.5%) per month calculated on the unpaid portion of the principal balance at the time that the next invoice is generated.

- (c) In the event that a billing dispute concerning any charges billed to the customer by the Company is resolved in favor of the Company, any payments withheld pending settlement of the dispute shall be subject to the late payment penalty set forth in (b) preceding.
- (d) If the Customer is unable to resolve any dispute with the Company, then the Customer may file a complaint with the Arizona Corporation Commission. The address of the Commission is as follows:

Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

Website for consumer complaints:  
<http://www.azcc.gov/divisions/utilities/consumerservices.asp>

Phoenix Office Telephone Numbers:  
(602) 542-4251  
(800) 222-7000

Tucson  
(520) 628-6550  
(800) 535-0148

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

A. Payment of Rates, Charges and Deposits (Continued)

- (5) Adjustments for the quantities of services established or discontinued in any billing period beyond the minimum period set forth for services in other sections of this tariff will be prorated to the number of days or major fraction of days based on a thirty (30) day month.
- (6) The Company will, upon request, furnish within thirty (30) days of a request at no charge to the customer such detailed information as may reasonably be required for verification of any bill.
- (7) When a rate as set forth in this tariff is shown to more than two decimal places, the charges will be determined using the rate shown. The resulting amount will then be rounded to the nearest penny (i.e., rounded to two decimal places).

B. Minimum Periods

The minimum periods for which services are provided and for which rates and charges are applicable is one (1) month, except as otherwise specified.

C. Cancellation of an Order for Service

Provisions for the cancellation of an order for service are set forth in Section 6.C



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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

D. Credit Allowance for Service Interruptions

(1) General

A service is interrupted when it becomes unusable to the customer because of a failure of a facility component used to furnish service under this tariff or in the event that the protective controls applied by the Company result in the complete loss of service by the customer as set forth in 6.5.1 following. An interruption period starts when an inoperative service is reported to the Company, or when the Company becomes aware of the service interruption, and ends when the service is operative.

(2) When a Credit Allowance Applies

In case of an interruption to any service, allowance for the period of interruption, if not due to the negligence of the customer, shall be as follows:

- (a) The adjustment shall be, at a minimum, a credit on the monthly bill for basic local exchange service and any associated taxes and surcharges proportional to the duration of the service interruption, with each occurrence of the loss of service for eight or more hours during the 24-hour period counting as one day. For the purpose of administering this paragraph, every month is considered to have 30 days. The customer shall be credited for an interruption of eight (8) hours or more at the rate of 1/30 of any applicable monthly rates.
- (b) The credit allowance(s) for an interruption or for a series of interruptions shall not exceed any monthly rate for the service interrupted in any one monthly billing period.

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SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

D. Credit Allowance for Service Interruptions (Continued)

(3) When a Credit Allowance Does Not Apply

No credit allowance will be made for:

- (a) Interruptions caused by the negligence of the customer.
- (b) Interruptions of a service due to the failure of equipment or systems provided by the customer or others.
- (c) Interruptions of a service during any period in which the Company is not afforded access to the location where the service is terminated.
- (d) Interruptions of a service for maintenance purposes, to make rearrangements, or for the implementation of an order for a change in the service during the time that was negotiated with the customer. Thereafter, a credit allowance as set forth in Section 2.IV.D.2 preceding applies.
- (e) Periods when the customer continues to use the service on an impaired basis.
- (f) Periods of temporary discontinuance as set forth in 2.II.A.2 preceding.
- (g) Interruption of service caused by a customer's failure to provide notification to the Company of media-stimulated mass calling events.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

IV. Payment Arrangements and Credit Allowances. (Continued)

D. Credit Allowance for Service Interruptions (Continued)

(4) Temporary Surrender of a Service

In certain instances, the customer may be requested by the Company to surrender a service for purposes other than maintenance, testing or activity relating to a service order. If the customer consents, a credit allowance will be granted. The credit allowance will be 1/1440 of the monthly rate for each period of thirty (30) minutes or fraction thereof that the service is surrendered. In no case will the credit allowance exceed the monthly rate for the service surrendered in any one (1) monthly billing period.

E. Title or Ownership Rights

The payment of rates and charges by customers for the services offered under the provisions of this tariff does not assign, confer or transfer title or ownership rights to proposals or facilities developed or utilized, respectively, by the Company in the provision of such services.

V. Denial or Discontinuance of Service

A. Disconnection Without Notice. The Company will not deny or discontinue service to a customer without prior written notice except for the following reasons:

- (1) If a safety condition that is immediately dangerous or hazardous to life, physical safety, or property exists;
- (2) Upon order by an appropriate court, the Commission, or any other duly authorized public authority; or
- (3) If service, having already been properly discontinued, has been restored by someone not authorized by the company and the original cause for discontinuance has not been cured.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

V. Denial or Discontinuance of Service (Continued)

A. Disconnection Without Notice (Continued)

- (4) Violation of any Commission rule or effective Tariff that may adversely affect the safety of any person or the integrity of the provider's service.
- (5) Failure to comply with municipal ordinances or other laws pertaining to telecommunications service that may adversely affect the safety of any person or the integrity of the provider's service.
- (6) Failure of the customer to permit the provider reasonable access to its facilities or equipment.
- (7) Customer equipment is non-compliant with Federal Communication Commission equipment specifications thereby causing or contributing to Service interruptions, malfunctions, or unusual or excessive Service maintenance requirements.
- (8) The customer obtained service by subterfuge. Subterfuge includes, without limitation:
  - Obtaining service in another person's name with the intent to avoid outstanding charges; or
  - Applying for new service at a location:
    - (a) where a person has outstanding charges for jurisdictional service including outstanding charges for any associated taxes and surcharges; and
    - (b) where such person continues to reside.

B. Disconnection with Notice

The Company may temporarily suspend or permanently discontinue service and may sever the connection and remove any of its equipment from the customer's premises after at least 5 days written notice only for one of the following reasons:

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

V. Denial or Discontinuance of Service (Continued)

B. Disconnection with Notice (Continued)

- (1) Non-payment of any past due bill for service and any associated taxes and surcharges. Solely for the purposes of this paragraph, a bill is past due if not paid within 30 days of the due date which must be at least 15 days after the billing date.
- (2) If the Company determines service was obtained fraudulently or without the authorization of the provider or is being used for, or suspected of being used for, fraudulent purposes.

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INTRASTATE LOCAL SERVICE

SECTION 2. RULES AND REGULATIONS

VI. Restoration of Service

The use and restoration of service in emergencies may be in accordance with part 64, Subpart D of the Federal Communications Commission's Rules and Regulations which specifies the priority system for such activities.

When a customer's service has been disconnected in accordance with this Tariff and the service has been terminated through the completion of a Company service order, service will be restored only upon the basis of application for new service. A customer whose service has been discontinued for failure to establish credit or for nonpayment of bills will be required to pay the unpaid balance due Company before service is restored. Whenever service has been discontinued for fraudulent or other unlawful use, Company may, before restoring service, require the customer to make, at its own expense, all changes in facilities or equipment necessary to eliminate such fraudulent or otherwise unlawful uses and to pay an amount reasonably estimated as the loss in revenues resulting from such fraudulent use.

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INTRASTATE LOCAL SERVICE

SECTION 3. DEFINITIONS

Certain terms used generally throughout this tariff for the Access Services of the Company are defined below.

Access Code: A uniform five or seven digit code assigned by the Company to an individual customer. The five digit code has the form 10XXX, and the seven digit code has the form 101XXXX.

Bit: The smallest unit of information in the binary system of notation.

Carrier or Common Carrier: See Exchange Carrier.

Company: Onvoy, Inc., which is the issuer of this tariff.

Customer: The person, firm, corporation or other entity which orders Service, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Duplex Service: Service which provides for simultaneous two-way transmission.

End User: An End User is any customer of a telecommunications services from this tariff and is not a carrier.

Exchange Carrier: Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in the provision of local exchange telephone service.

Individual Case Basis (ICB): A service arrangement in which the terms, rates and charges are developed based on the specific circumstances of the Customer's situation.

Interexchange Carrier (IXC) or Interexchange Common Carrier: Any individual, partnership, association, joint-stock company, trust, governmental entity or corporation engaged in state or foreign communication for hire by wire or radio, between two or more exchanges.

Kbps: Kilobits per second.

LATA: A local access and transport area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192 for the provision and administration of communications services.

Local Access: The connection between a customer's premises and a point of presence of the Exchange Carrier.

Local Switching Center: The switching center where telephone exchange service customer station Channels are terminated for purposes of interconnection to each other and to interoffice Trunks.

Mbps: Megabits per second.

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INTRASTATE LOCAL SERVICE

SECTION 3. DEFINITIONS

Non-Recurring Charges (NRC): The one-time initial charges for services or facilities, including but not limited to, charges for construction, installation, or special fees, for which the Customer becomes liable at the time the Service Order is executed.

On-Net: Refers to services where all originating and terminating points are on Company owned or operated facilities.

Premises: The space occupied by a Customer in a building or buildings or on contiguous property (except railroad rights-of-way, etc.).

Presubscription: An arrangement whereby an End User may select and designate to the Company an Interexchange Carrier (IXC) or Carriers it wishes to access, without an Access Code, for completing both intraLATA toll calls and/or interLATA calls. The selected IXC (s) are referred to as the End-User's Primary Interexchange Carrier (PIC). The End User may select any IXC that orders FGD Switched Access Service at the Local Switching Center that serves the End User.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Service Commencement Date: For Local Service, the first day following the date on which the Company notifies the Customer that the requested service or facility is available for use. Unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance of service. The parties may mutually agree on a substitute Service Commencement Date. If the Company does not have an executed Service Order from a Customer, the Service Commencement Date will be the first date on which the service or facility was used by the customer.

Service Order: The written request for Local Services executed by the Customer and the Company in a format devised by the Company. The signing of a Service Order by the Customer and acceptance thereof by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Service(s): The Company's Local Services offered on the Company's Network.

Trunk: A communications path connecting two switching systems in a network, used in the establishment of an end-to-end connection.

Wire Center: buildings in which central offices, used for the provision of Local Exchange services, are located.

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INTRASTATE LOCAL SERVICE

SECTION 4 – EXCHANGE AREAS

I. List of Exchanges

The Company offers service in and incorporates by reference the exchange maps included in the Qwest Corporation d/b/a CenturyLink QC Arizona local tariff.

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

I. Integrated Services Digital Network (ISDN)

A. Description of Service

- (1) Integrated Services Digital Network (ISDN) is a digital standard that provides an integrated voice or data capability to the customer premises facility, utilizing the public switched telephone network. ISDN delivers voice, data and video by two standard methods of access. Primary Rate Interface (PRI) Service and Basic Rate Interface Service (BRS). The Company will only provide Primary Rate Interface service.
- (2) PRI service has a capacity of 1.544 megabits per second (Mbps) and has multiple channels: 23 B-channels, and one D-Channel, and is also known as 23 B+D access. The 64-Kbps B-channels carry user information such as voice calls, circuit-switched data or video while the D-channel carries the call-control signaling information. The B-channels may be provisioned on the same facility as the D-channel or on other PRI T1 facilities. Each B-channel is dedicated to inward, outward or 2-way traffic. The customer may use CPE to bond together 64 Kbps B-channels for the transmission of circuit-switched data or video.
- (3) Directory Numbers: Primary Directory Number - A single telephone directory number is provided with each PRI service ordered.
- (4) Directory Listings: One primary directory listing is provided per PRI service per customer.
- (5) Emergency 911 services will be provided for all voice calls on PRI service.

B. Protection of the Network

- (1) PRI service is furnished subject to central office availability and capacity, the availability of outside plant facilities, and the necessary central office billing capabilities.

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

I. Integrated Services Digital Network (ISDN) (Continued)

B. Protection of the Network (Continued)

In the event customer equipment meets required specifications, but causes interference with current or future services, the Company reserves the right to notify the customer and modify the service to eliminate the interference or disconnect the service. In such case, termination charges do not apply.

- (2) Upon notification by the Company that unauthorized transmissions are due to customer equipment or facilities, the customer or customer's authorized agent will correct the situation on an expeditious basis or service will be disconnected by the Company to protect the network. THE COMPANY DISCLAIMS LIABILITY FOR LOSSES WHICH MIGHT BE INCURRED AS A RESULT OF DISCONNECTING THE SERVICE AND DISCLAIMS ANY AND ALL IMPLIED WARRANTIES, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. With respect to such equipment or service, the Company shall not be liable for any incidental or consequential damages, including, but not limited to any loss, or damage, arising out of customer's use of or inability to use the service or equipment, whether said use is in combination with other services or equipment, or separate from them.
- (3) The Company maintains the right and option to check the output of any equipment used in the transmission of signals to or from the Customer premises for this service. This includes the Company provided facilities or other facilities used in conjunction with provision of PRI service such as CPE.
- (4) The Company anticipates the use of other technologies to provide this service as they are developed. As other technologies are introduced, the interface specifications will be disclosed as required.

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

I. Integrated Services Digital Network (ISDN) (Continued)

C. Availability, Installation and Maintenance

- (1) The availability and functionality of PRI service capabilities may vary, or may not be available, dependent upon the type of central office switching system, related software controlling that switch, hardware and outside plant.
- (2) The Company will furnish all installation and maintenance labor required to install, maintain and test the service from the Demarcation Point on the customer's property to the central office. The customer or property owner will be responsible for installation, maintenance, and testing of all wire and cable facilities and CPE on the customer side of the Demarcation Point. At the customer's option, the Company will provide installation, maintenance and testing as part of their non-regulated business.
- (3) If there are any changes in inside wiring which require the Company to redesign the PRI service capability, the customer shall reimburse the Company for all cost incurred by the Company in making such a change. Should PRI service capability fail due to inside wiring not owned by the Company, or CPE, or power failure, the responsibility for failure shall be solely that of the customer and the Company shall not be liable.
- (4) If PRI service should experience interruption, disconnection, error, performance failure, or some other out-of-service condition and last for more than 8 consecutive hours after the customer gives the Company notice of such out-of-service condition, except for problems caused by the customer's action, inside wiring, interface, customer premise power outage, and/or CPE, an out-of-service credit will be applied to the customer's bill. See Rules and Regulations, Interruptions to Service.

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

I. Integrated Services Digital Network (ISDN) (Continued)

D. Circuit Switching Feature Descriptions

- (1) Circuit Switched Services is an arrangement which provides the ability to originate and receive circuit-switched voice and/or data calls over 64 Kbps B channels. The customer may choose among the following Circuit-Switched features based upon application needs:
- (2) Clear Channel Capability – A characteristic of the transmission path on the B channels that allow the full bandwidth of 64 Kbps to be available to the customer. Through the CPE, it is also possible to bond multiple B channels together to achieve greater bandwidth speeds.

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SECTION 5 – SERVICE DESCRIPTIONS AND RATES

1. Integrated Services Digital Network (ISDN) (Continued)

E. Service Arrangements

(1) Voice/Data PRI (with DID)

A Voice/Data PRI with Direct Inward Dialing (DID) have 3 elements: the T-1, the Service Configuration, and a 2-way trunk/DID. This service configuration provides 23 B-channels and 1 D-channel. The B-channels carry user information such as voice calls, circuit-switched data or video. The D-channel handles signaling information.

(2) Data PRI 23B+D

This service configuration provides for 23 B-channels and 1 D-channel. The B-channels carry user information such as voice calls, circuit-switched data, or video while the D channel handles signaling information.

(3) Data PRI 24B

This service configuration provides for 24 channels. The B-channels carry user information such as voice calls, circuit-switched data, or video. The signaling information is provided by a D-Channel on the first T1 facility.

F. Direct Inward Dialing (DID)

- (1) The Company will assign line numbers for direct inward dialing in blocks of numbers. When additional numbers are required, they will be made available as soon as the Company has equipment/numbers available for this purpose. The Company does not guarantee that line numbers will be made available in all cases.
- (2) DID is an optional feature which can be purchased in conjunction with the Company's PRI Service. DID service transmits the dialed digits for all incoming calls allowing the Customer's equipment to route the incoming calls directly to individual stations corresponding to each individual number.

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SECTION 5 – SERVICE DESCRIPTIONS AND RATES

I. Integrated Services Digital Network (ISDN) (Continued)

G. Rates and Charges

(1) Following are the monthly rate and nonrecurring charges for PRI service based on a one year contract:

	<u>Maximum Monthly Rate</u>	<u>Maximum Non- Recurring Rate</u>
1 Year Commitment Service Configuration:		
a. Voice/Data PRI (with DID)	\$1,350.00	\$1,000.00
b. Data PRI 23B+D	\$1,350.00	\$1,000.00
c. Data PRI 24B	\$1,350.00	\$1,000.00

DID Number charges:		
Group of 20 line numbers assigned	\$7.00	\$20.00

	<u>Current Monthly Rate</u>	<u>Current Non- Recurring Rate</u>
1 Year Commitment Service Configuration:		
a. Voice/Data PRI (with DID)	\$675.00	\$500.00
b. Data PRI 23B+D	\$675.00	\$500.00
c. Data PRI 24B	\$675.00	\$500.00

DID Number charges:		
Group of 20 line numbers assigned	\$3.50	\$10.00

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

II. Dedicated Services

A. Ethernet Service

The Company provides point-to-point broadband communications services through 100Mbps and 1000Mbps Ethernet circuits, provided between locations designated by the Customer and/or between such locations and a Company hub, through fiber optic cable owned or controlled by Company.

B. Point-to-Point and Hub/Tail TDM Services

The Company provides high-speed point-to-point and hubtail broadband communications services through DS3, OC3, OC12, and OC-48 TDM Circuits, provided between locations designated by the Customer and/or between such locations and a Company hub, through fiber optic cable owned or controlled by Company. Services are typically provisioned over a SONET-ring network architecture.

C. Maximum Rates (on-net circuits only)

Service	Monthly Recurring	Nonrecurring
DS3 Point to Point	\$1,040	\$1,000
OC3 Point to Point	\$2,595	\$2,000
OC 12 Point to Point	\$5,973	\$3,000
OC12 Hub	\$4,100	\$3,000
OC48 Hub	\$8,200	\$5,000
DS3 Tail	\$500	\$1,000
OC3 Tail	\$1,300	\$2,000
OC 12 Tail	\$3,000	\$3,000
100 Mb Point to Point	\$1,890	\$2,000
1000 Mb Point to Point	\$7,290	\$5,000

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

III. Supplemental Services

A. Directory Assistance

Company will connect PRI Service Customers to Directory Assistance (DA) for a fee as set forth below. A credit allowance for DA will be provided upon request if the Customer experiences poor transmission quality, is cut-off, receives an incorrect telephone number, or misdials the intended DA number (NPA+555-1212).

	<u>Maximum Charge</u>
Customer Dialed DA	\$3.00
Operator Dialed DA	\$4.00

B. Operator Service

Operator services are obtained by dialing “0”, which will be answered by an operator. Calls placed dialing “00” will be answered by the operator of the designated long distance interexchange carrier. Charges for operator services provided by Company’s underlying operator service provider will be billed on a pass through basis on the customer’s monthly billing statement from Company. Customers may receive bills directly from other operator service providers whose services the customer may use.

Third Number Billed Calling: inbound and outbound operator assisted calling, in which the calling party identifies a third telephone number against which the call charges will be billed. The operator will validate that the owner of the third number agrees to pay for the call prior to the call being completed.

Collect Calling: Customer will have the ability to originate an outbound collect call. Customer will be able to accept an inbound collect call.

Person to Person: operator assisted calling, in which the calling party identifies by name the specific person that wish to speak with and the operator will get that specific person on the call prior to the call being completed.

	<u>Maximum Charge</u>
Operator Station-to-Station	\$7.00
Person-to-Person	\$9.00

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INTRASTATE LOCAL SERVICE

SECTION 5 – SERVICE DESCRIPTIONS AND RATES

III. Supplemental Services (Continued)

C. IntraLATA/InterLATA Toll Presubscription

IntraLATA/InterLATA toll presubscription is a procedure whereby a Customer may select and designate an IntraLATA and/or InterLATA Toll Provider ("ITP") to access IntraLATA and/or InterLATA toll calls in Arizona without dialing an access code. The end user may designate an ITP for IntraLATA toll, a different carrier for InterLATA toll, or the same carrier for both. This ITP is referred to as the Customer preferred IntraLATA/InterLATA toll provider.

Presubscription Charge Application:

Initial Free Presubscription Choice for Customers

New customers (including an existing customer who orders an additional line) who subscribe to PRI service will be asked to select a primary ITP when they place an order for PRI Service. If a customer cannot decide upon either an IntraLATA and/or an InterLATA toll carrier at the time, the customer will be assigned a "No-PIC" and will have to dial an access code to make IntraLATA and/or InterLATA toll calls until such time as the customer has notified the Company that it has selected a primary ITP. Initial free selections available to Customers are:

1. Designating an ITP as their primary carrier, thereby requiring no access code to access that ITP's service. Other carriers are accessed by dialing 101-XXXX or other required codes.
2. Choosing no carrier as a primary carrier thus requiring 101-XXXX code dialing to access all ITPs. This choice can be made by directly contacting the Company.

	<u>Maximum Charge</u>
Presubscription Charge	\$8.00

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INTRASTATE LOCAL SERVICE

SECTION 6 SPECIAL ARRANGEMENTS

I. Special Construction

A. Basis for Charges:

Where the Company furnishes a facility or service for which a rate or charge is not specified in the Company's tariffs, charges will be based on the costs incurred by the Company and may include:

- (1) non-recurring type charges
- (2) recurring type charges
- (3) termination liabilities; or
- (4) some combination thereof.

B. Basis for Cost Computation

The costs referred to in 6.A preceding may include one or more of the following items to the extent they are applicable:

- (1) Cost installed of the facilities to be provided included estimated costs for the rearrangements of existing facilities. Cost installed includes the cost of
  - a. Equipment and materials provided or used
  - b. Engineering, labor and supervision
  - c. Transportation, and
  - d. Rights of ways;
- (2) Cost of maintenance
- (3) Depreciation on the estimated cost installed of any facilities provided, based on anticipated useful life of the facilities with an appropriate allowance for the estimated net salvage;
- (4) Administration, taxes and uncollectible revenue on the basis of reasonable average costs for these items;
- (5) License preparation, processing and related fees;

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INTRASTATE LOCAL SERVICE

SECTION 6 SPECIAL ARRANGEMENTS

I. Special Construction (Continued)

B Basis for Cost Computation (Continued)

- (6) Tariff preparation, processing and related fees;
- (7) Any other identifiable costs related to the facilities provided; or
- (8) An amount for return and contingencies.

C. Termination Liability

To the extent that there is no other requirement for use by the Company, termination liability may apply for facilities specially constructed at the request of the Customer. The termination liability period is the estimated service life of the facilities provided.

The amount of the maximum termination liability is equal to the estimated amounts for: cost installed of the facilities provided including estimated cost for rearrangements of existing facilities and/or construction of new facilities as appropriate, less net salvage. Costs installed include the costs of: equipment and materials provided or used; engineering, labor, supervision, transportation, and rights of way. Other costs include: license preparation, processing; tariff preparation and processing, cost of removal and restoration, and any other related fees or identifiable costs related to specially constructed or rearranged facilities.

The applicable termination liability method for calculating the unpaid balance of a term obligation is: the sum of the amounts determined as set forth above, multiplied by a factor related to the unexpired period of liability, multiplied by the discount rate of return and contingencies. The amount determined shall be adjusted to reflect the predetermined estimated net salvage, including any reuse of the facilities provided. This product is adjusted to reflect applicable taxes.

D. Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case by case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

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INTRASTATE LOCAL SERVICE

SECTION 6 SPECIAL ARRANGEMENTS

I. Special Construction (Continued)

D. Individual Case Basis (ICB) Arrangements (Continued)

If the Company and a Customer enter in an ICB arrangement, the ICB arrangement may provide the Customer or Company with certain rights to terminate the arrangement. If the Customer or the Company exercises such a termination right, then upon the effective date of termination, the ICB rates will no longer apply.

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